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China Report

RED FLAG

No. 8, 16 April 1982

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CHINA REPORT

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Translation of the semimonthly theoretical journal of the Central Committee of the Chinese Communist Party published in Beijing.

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ON QUESTIONS REGARDING OUR COUNTRY'S ECONOMIC RELATIONS WITH FOREIGN COUNTRIES

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 2-10

[Article by Editorial Department]

[Text] In order to open up new prospects for developing China's foreign economic relations in an all-round manner, we should sum up both the positive and the negative of our past and present experiences on a series of basic problems related to our foreign economic relations and thus more clearly understand and more satisfactorily carry out the CCP Central Committee's correct principles and policies.

I. What Exactly Is the Nature of Foreign Economic Relations?

A few years ago, Comrade Deng Xiaoping pointed out that the external economic work is a strategic issue that has a bearing on the success and failure of our four modernizations. This is absolutely true.

In the "introduction" to Marx' well-known "Manuscripts on Economics (1857-1858)," he pointed out the necessity of studying "the international relations in production" after he had expounded on the various sectors in social production and their relations. He was also of the opinion that we had to treat international relations in production as a special subject of study in economics. This subject had to include "international division of labor," "international exchange," "import and export," "exchange rates" and other themes. This is a view of great significance. By raising this view, Marx pointed out, briefly and succinctly, that in the modern world, economic problems are by no means phenomena that are related only to domestic factors; on the contrary they must be studied in the context of international relations and should not be studied in isolation from international relations. We should never neglect this important view of Marx' in discussing China's foreign economic relations.

Almost all the countries in the present world, with perhaps very few exceptions, attach great importance to the problem of external economic relations. Many countries and areas, such as Japan, Singapore and Hong Kong, even regard it as a vital one. As far back as more than 100 years ago, Marx and Engels pointed out that along with the emergence of the international market, the nations of the world have become increasingly economically related and

dependent on one another and the closed-door and self-sufficient situation are gradually becoming things of the past. During the past decades, especially since World War II, this situation has been further developed in an unprecedented manner. This is a fundamental historical task as well as an inevitable trend of social development. We should never be ignorant of this fact in regarding China's foreign economic relations today.

Since the founding of the PRC, we have undergone many twists and turns in developing our foreign economic relations and have failed to make any substantial progress in this respect. Of course, we are not to blame for this on the grounds that we preferred a policy of closing our country to international exchanges. At that time there were other reasons: First, the major capitalist countries in the world headed by the United States adopted an antagonistic attitude toward us and blockaded us for a long time. They put an embargo on many commodities. Second, since the beginning of the 1960's, when the Soviet Union tore up its economic contracts with us, our economic relations with the Soviet Union and a few other countries have been greatly reduced. Third, for a time, especially during the period of the "Great Cultural Revolution," our policy of self-reliance was greatly distorted. Self-reliance is an absolutely correct policy, but it is absolutely wrong to distort this policy and set it against the development of external economic relations.

Since the time around 1972, there has been a change in our foreign economic relations and we have gradually opened up some prospects. However, it was not until the smashing of the "gang of four" and especially not until the 3d Plenary Session of the 11th CCP Central Committee that it was made clear throughout the party that we should develop our foreign economic relations. This is indeed a very farsighted policy decision. Then, from 1978 to 1980 we actually brought about a great change to and made great progress in our foreign economic relations. At the same time, we also committed some errors in this respect. This has taught us that we should sum up our experience and make the pace of our progress steadier. However, we should not, for this reason, get the wrong idea and think that we should retreat and dare not continue to actively develop our foreign economic relations. Summing up experience is aimed at developing the foreign economic relations of this socialist country more satisfactorily. Otherwise, we will be going against the principle of the third plenary session of the Central Committee.

The party Central Committee recently noted that to promote our socialist modernization program, we must use two types of resources, that is, domestic resources and international resources; we must develop both our domestic market and our place in the world market; and we must master two skills, that of domestic construction management and that of developing foreign economic relations. This has further defined the strategic position of our foreign economic relations. According to this point of view we should continue to vigorously widen our field of vision and raise our understanding on the problem of developing our foreign economic relations. After the October Revolution, Lenin advocated the implementation of the concession system. At that time, since the Soviet Union was in great difficulties, the enterprises under the concession system amounted to more than 200 and tens

of millions of rubles of foreign capital was drawn into the Soviet Union. At that time, Lenin was of the opinion that associating the Soviet Union with international capital was necessary. At the same time, he thought that there was a serious struggle in the course of associating with international capital and associating with international capital was aimed at promoting the socialist economic construction of the Soviet state. Today, we are continuing to act in accordance with Lenin's viewpoint. It is wrong to close the country to international exchange, to fight in isolation or to refuse to be associated with international capital. On the other hand, it is also wrong to neglect or abandon struggles during the process of associating with international capital. To put it in a nutshell, we should struggle while associating. At present, we must pay attention to summing up experience, formulate a whole set of correct guiding principles, policies and measures by thinking over carefully and continuing to make great efforts, and open up a path for developing our country's foreign economic relations that is suited to both national and international conditions. Only by so doing can we really and effectively overcome all kinds of conservative ideas that uphold sticking to old ways and can we overcome blindness and spontaneity in our action. Only by so doing can we open up new possibilities and take the initiative in our own hands.

II. Why Is It That the Development of Foreign Economic Relations Is an Important Strategic Question in Our Modernization Program?

In essence, this is a question of how to soberly understand the problem of in what historical conditions, what national conditions and what favorable and unfavorable conditions we are carrying out our modernization program.

We have the following four favorable conditions:

First, except in Taiwan, we have already soundly established the socialist political and economic system throughout our country. We have transformed the private ownership of the means of production into public ownership and the members of the exploited class into laborers who support themselves by their own labor. We have also placed the lifelines of our national economy in the hands of our state on behalf of the working class and on behalf of the whole laboring people.

Second, we have already corrected our guiding ideology and started to formulate a line and a complete set of principles and policies for carrying out the four modernizations program, and we have already formed a strong and resolute CCP Central Committee that is competent to correctly lead the four modernizations.

Third, with our strong national defense forces, we are strong enough to defend the peaceful construction of our people. At the same time, owing to our correct foreign policies, we enjoy high political prestige in the world.

Fourth, there are very favorable international conditions for our concentrating on carrying out our modernization program. Already, 174 states and areas have started trading and are developing their trade and economic relations with us.

We have the following four unfavorable conditions:

First, though we already have some technical strength which is already up to advanced world standards in some respects, on the whole, our equipment, technology, technical personnel, management and administrative standards are backward and lag behind the world advanced standards to a fairly large degree.

Second, although we already have a considerably sound material basis and are able to accumulate some funds every year, our sources of funds are, after all, limited. The amount of funds raised within our country falls short of the demands of construction.

Third, our rich natural resources are indeed a favorable condition, but many of these resources still remain unexploited underground. Therefore, this is only a latent favorable condition instead of a realized favorable condition.

Fourth, our excessive population is a heavy burden on our country. Though it constitutes a rich resource of manpower, we lack the means to utilize this. Of course, if our manpower is fully utilized, it will change from being a burden into being an advantage.

The above-mentioned favorable and unfavorable conditions are what we should proceed from in considering the problems concerning China's economy today, including those of foreign economic relations. It is precisely because we proceed from these historical conditions that we uphold the view that we must work hard and perseveringly, rely on our own strength, maintain independence and keep the initiative in our own hands while promoting our socialist modernizations program. We must not, in the slightest degree, deviate from these principles. The modernization cause of a big country with a population of 1 billion should and can only be carried out by relying on the country's own strength. However, on the other hand, it is also because we proceed from these historical conditions that we uphold that we should not distort self-reliance and regard closing our country to international exchange and fighting in isolation as self-reliance. We must expand our field of vision from our country to the world on the basis of self-reliance. We must not only go all out to make use of all positive factors within our country, but should also go all out to make use of all foreign factors that can be used by us. This means, in fact, using the strong points of all the countries in the world to offset our weakness. Using the phrase in the book "Guan Zi," this means "taking all the valuable things in the world for our use." Only in this way can we develop our national industries as quickly as possible through foreign economic relations and by drawing support from foreign capital and advanced technology. Only in this way can we more smoothly overcome the difficulties facing us and quicken the pace of promoting our socialist modernization program. Precisely in this sense lies the strategic significance that we attach to our foreign economic relations.

On the problem of foreign relations, we can draw quite a large number of experiences and lessons from the history of modern China. In our history, there were two kinds of people. One kind of people worshipped and had blind

faith in foreign things and was subservient to foreigners. As a result these people humiliated the nation and forfeited its sovereignty. Whether the Empress Dowager Cixi, Yuan Shikai or Chiang Kai-shek, they were, without exception, cast aside by the people. The other kind of people upheld closing the country to international exchange and adopted an arrogant attitude toward other countries. Thus these people were satisfied to lag behind and finally became castaways in history. Were not the diehards at the end of the Qing dynasty, who regarded China as the "Heavenly Kingdom" and treated all foreign countries as "uncivilized nations" that should be put under the suzerainty of China, this kind of people? Under the present new historical situations, the above-mentioned two tendencies are still to some extent reflected in the minds of some of our party members and cadres. This may perhaps be regarded as a kind of historical legacy. Some people feel ashamed before foreigners and think that everything is good in other countries, and bad in ours. Others are very apprehensive about opening up to the outside world and are of the opinion that there will not be peace and security if we open up and that if we must open up, we must open up as little as possible. The two tendencies have a common point and that is their lack of confidence in the fact that today we, as a developing great socialist country, are able to open up new prospects in developing our foreign relations.

Our comrades, especially all those who are engaging in external activities including external economic activities, must have a profound understanding of the strategic significance of our foreign relations, especially the strategic significance of our foreign economic relations. They must be both brave and adept in plunging into the vast world to open up new prospects. At the same time, they must also carefully pay attention to understanding the extremely complex nature of the environment we face as a result of opening up to the outside world, be both brave and adept in learning new skills and abilities, prevent and overcome various kinds of negative practices, adhere to the principle of socialism and persistently safeguard the purity of communism. We must do all the above-mentioned things without the smallest omission. Otherwise we will be committing a great error which will cause great harm to our cause. This is an indispensably important factor in ensuring the healthy development of our external work and the victory of our construction cause.

III. The Necessity of Having a Whole Set of Correct Guiding Principles and Policies on Foreign Relations

This means that we should not do our work at random or deal with only those problems that have cropped up. Instead, we should have a complete set of plans with scientific foresight. For this purpose, we should really have a good grasp of the major issues and characteristics of our foreign economic relations.

What are the characteristics of our foreign economic relations?

First, dealing with foreign businessmen is different from dealing with people in our country. In dealing with the people in our country we can enforce discipline and even force people to observe the discipline if

necessary. However, in dealing with foreign businessmen, we cannot act in this manner, and should pay attention to maintaining our good reputation. In discussing contracts and agreements, we must deal with the foreign businessmen on the basis of equality, mutual benefits and voluntariness. In view of this, we should both be strict in enforcing discipline at home and be flexible externally.

Second, foreign economic relations often involve many departments and fields. Some of the problems they involve even affect the whole economy and social life of our country. In view of this, our localities, departments and units should not act independently in conducting their foreign economic activities and thus leave loopholes for foreign businessmen to exploit and enable them to make excessive profits at our expense. Instead, we should carry out our external economic activities under unified leadership and comprehensive planning. Only under such a premise can we give better play to the initiative of all the parties concerned.

Third, we should make a distinction between two kinds of foreign businessmen. With regard to those foreign businessmen who show their good faith in cooperation and do business in a proper way, we will take a welcoming and polite attitude, pay attention to maintaining a friendly relationship with them and implement the policy of equality and mutual benefit, no matter whether we will be able to do business and come to terms with them. As for those foreign businessmen who have ulterior motives, adopt improper measures, go so far as to adopt measures that violate our country's sovereignty, and go in for swindling, bribing, smuggling, infiltration or even espionage activities that impair the rights and interests of the Chinese people and corrupt our cadres and citizens, they will certainly meet with firm resistance from the Chinese people and some will be prosecuted in accordance with China's laws. All our party members, cadres and citizens who depart from the correct stand in these unlawful activities and who have been corrupted by such foreign businessmen must naturally be criticized and administratively, or even judicially, punished.

In short, the above-mentioned characteristics mean unified leadership, comprehensive planning, flexible response, strict discipline, making distinctions and adherence to principles. These things must be conscientiously observed as a general principle in our work.

However varied our foreign economic relations are, they can be summarized as exportation and importation. These two aspects interact and are dependent and conditional on one another. Therefore, the key issue in handling foreign economic relations is to correctly handle the relationships between these two aspects and dialectically harmonize them.

Focusing on this key issue, we have to study the following six problems: First, how to attract foreign capital; second, how to correctly introduce advanced science and technology from abroad; third, how to vigorously develop international cooperation in exploiting manpower; fourth, how to energetically market our products in the world; fifth, how to provide economic aid to other countries in accordance with our capability; and

sixth, how to correctly handle the relationships between political and economic aspects in our external relations. As long as we have a clear understanding of these six problems and adopt correct policies and vigorous measures to solve them, we will surely be able to continuously make progress in developing our foreign economic relations year by year, and we will surely be able to give increasingly full play to the role of foreign economic relations in promoting our construction at home.

IV. How Should We Attract Foreign Capital?

This is a prominent problem in handling our foreign economic relations at present. It is a problem which we urgently need to solve but which we have as yet failed to solve.

Attracting capital from capitalist countries and areas in accordance with the practical needs and capabilities of our country is a new task that we have never tackled before. That is why this problem is especially important today.

At present we usually adopt the following three methods in attracting foreign capital: First, attracting direct investment in joint ventures, joint management, joint exploitation, compensation trade, processing and assembling; second, striving to obtain long- or medium-term loans at medium or low interest rates from foreign governments and international financial organizations and all kinds of development funds and relief funds; and third, obtaining ordinary commercial loans. At present, attracting direct investment has become the most important method for China to utilize foreign capital. This method has two advantages, namely, that of granting the investor direct interest in what they invest in and that of enabling us to better learn from the advanced technology and management abroad. The successful experiences in many countries have proved that these kinds of joint venture and joint management enterprises themselves constitute economic and technical training courses.

In order to effectively attract direct investment, we should have a set of clear and definite correct policies. First, we must grasp all the large, medium-sized and small projects at once while regarding medium-sized and small ones as the main factor. This is the way to get quick results. Second, we should welcome all capitalists from abroad, including foreign and Overseas Chinese capitalists and those from Hong Kong, Macao and Taiwan. And third, we should to a certain extent relax our policy and allow these capitalists to make profits. If we do not allow them to make money, we will not be able to attract them and we will not be able to open up any possibilities. We will not be able to keep up with the times if we do not act bravely and wisely.

It is imperative to be prudent in using ordinary commercial loans. Since they are loans, we have to repay the principal and the interest. Moreover, the loans should be used in combination with domestic investment to form complete sets of investment. Thus there will inevitably be limitations in our utilization of foreign commercial loans. As for long- and medium-term loans at medium or low interest rates, though we can feel more at ease in

utilizing them, their availability is limited. A capitalist is, after all, a capitalist. As long as he is a capitalist, he will always be pursuing excessive profits. We should be especially careful in drawing lessons from the countries that are heavily in debt.

In short, in order to emancipate people's minds, we should sum up our experiences in a timely way and carefully foster model units. The experience in a successful model unit will facilitate the progress in all similar units. Thus we will be able to open up broad prospects step by step.

V. How Are We To Correctly Import Advanced Science and Technology?

There are many ways to introduce advanced science and technology from abroad and we should not restrict ourselves to a few ways. We have five kinds of things to import in this respect: advanced equipment or components; new and fine-quality materials; new principles, data, and know-how; new skills and scientific rules of operations; and advanced management methods.

In importing equipment, we have committed some errors, but we have to make a realistic analysis of these errors. Importing a few complete sets of equipment was necessary not only in the past, but also is necessary now and will be necessary in the future. Our errors in the past were mainly in the following four respects: importing an excessive number of complete sets of equipment; importing the same equipment more than once; importing equipment without importing the technical information to operate the equipment; and failing to study the technology of the imported equipment so as to understand it and popularize it. Having learned lessons from the above-mentioned errors, we will be able to gradually improve our work in this respect in the future.

Regarding the problem of importing new and fine-quality materials, we should first of all make efforts to produce these materials ourselves. We should encourage our specialists and technicians and organize them into key task teams to plunge into production practice, grasp the new production technology, increase the varieties of our products and expand the scale of our production, and thus win glory for our country. However, we should also fully reckon on a long-term policy of importing various kinds of raw materials, especially new and fine-quality materials that are necessary for our construction. In order to grasp all kinds of new technology, all countries in the world have to do so, including the developed ones such as the United States, Japan and West Germany.

Regarding introducing advanced science, technology and management from abroad, we should admit that we have failed to make sufficiently great efforts to learn soundly and modestly from abroad. Now we should further encourage our broad ranks of cadres, intellectuals and workers to have the high aspirations of the Chinese people and turn the slogan of studying science to become more capable and learning from experts into action. We should strive to create a social mood of working and studying hard for the prosperity of our country among all our party members, among the broad ranks of our cadres, intellectuals and workers, and even among all the people throughout our society and nation. This is a task of vital importance.

In introducing advanced science and technology from abroad we should also pay attention to the following two problems:

The first problem is that from now on, we must no longer import consumer goods. Except under unified state arrangements, no departments or localities are allowed to import consumer goods without authorization. The practices of some departments and localities that are importing consumer goods without permission are, in fact, very harmful and shameful activities that impair our national industry. It is an important principle that we must pay close attention to protecting our national industry. We must make the widest possible use of those daily consumer goods that can be made and supplied by domestic units. We should vigorously encourage and develop the spirit of Comrade Zhou Enlai in refusing to wear any watches other than those that are made in China. Only by encouraging our broad masses of people, and above all our party members and cadres, to use Chinese-made consumer goods can we protect our national industry and ensure its smooth development.

The other problem is that we must do a good job in managing foreign exchange in all our central departments and in all the localities under the unified leadership of the state. We must use our foreign exchange where it is needed most. This means that we should use it for the technical reform and the renewal of our industrial equipment. We should use it to import advanced equipment and components that are necessary to develop new lines of industrial production, new and fine-quality materials that are in short supply in our country and that are urgently needed for processing goods for export, certain agricultural means of production that our country cannot supply and that are urgently needed in developing agriculture, and certain kinds of consumer goods that our country indeed cannot supply and that are indeed indispensable in the life of our people. Are we not acting against the interests of our state and people if we waste the limited amount of our hard earned foreign exchange in importing unnecessary consumer goods instead of in importing equipment, technology and raw materials that we urgently need for expanded production and for earning a larger amount of foreign exchange?

VI. How Are We To Energetically Promote Our Business of International Labor Cooperation?

An excessive population is a great problem facing us. On the other hand, our abundant labor force is our country's greatest advantage. We not only have a large amount of surplus labor in our countryside, but also some surplus labor in our state-owned factories and mines. Moreover, every year a large number of people enters the labor force. Therefore the total amount of our surplus labor is very large. If we take the total number of surplus laborers as 100 million and suppose that every laborer is able to produce 500 yuan of products, the total value of their products will be 50 billion yuan a year. The problem now is not that these laborers lack initiative in their work but that they have no opportunities to play their roles. In order to find a way out, we should strengthen our organizational work, open up as many possibilities as possible and be good at giving guidance. As far as we can foresee, in a fairly long period to come, we should first speed up the development of the diversified economy in our countryside and open up as many possibilities in

the cities to provide more job opportunities. By so doing we will be able to employ a large amount of the labor force and can, moreover, organize it to produce goods for export. At the same time, we should find employment for them throughout the world and conscientiously develop international labor cooperation.

Our business of international labor cooperation has just begun. In 1981, we sent over 17,000 laborers abroad to work on contracts. This number was too small compared with our potential in this respect, compared with the demand for such labor abroad and compared with the numbers of laborers that other developing countries have sent abroad. Our construction undertakings have shown a sharp competitive edge in contracting for construction projects in the world market and these projects will in turn promote the export of our building materials. From the above we can see that there are bright prospects in developing international labor cooperation.

Labor cooperation is not restricted to contracting for construction projects abroad. It can also be developed in the following three ways: processing materials from foreign businessmen and processing in accordance with the samples or drawings from foreign businessmen; establishing all kinds of enterprises in foreign countries; and energetically developing tourism. It is said by some foreigners that the pottery figurines of soldiers and horses at Lintong are one of the eight wonders in the world and as a result 50,000 foreigners went there to see them last year. We have to improve our tourist facilities and nationally fix the prices of the goods that we sell to tourists in order to increase our sales by narrowing the profit margins. By so doing we will benefit by opening up of more job opportunities and earning more foreign exchange.

It seems that for a long time to come, our manpower will continue to be the most competitive thing we have in the world market. We should give guidance to the cities and provinces along our coastline in vigorously developing the processing of materials provided by foreign businessmen. But we must pay attention to exporting all the finished goods of our processing undertakings and should not allow them to enter the domestic market. Otherwise, the processing undertakings will facilitate the import of foreign goods.

VII. How Are We To Bring Chinese Products Into the World Market on a Still Larger Scale?

China's current export trade is conducted on a too narrow and small scale. We have nearly one-fourth of the world's population, but our share of the world market is less than 1 percent, 0.9 percent to be more exact, which ranks 28th in the world. Of course, in recent years we have to some extent improved our work and have made relatively great progress in this respect, but we should not exaggerate our successes.

There are both objective historical and subjective reasons why the scale of our exports has remained so small for more than 30 years. We should certainly not reproach ourselves too severely for our subjective errors, but we must soberly understand this fact and strive to achieve a relatively great development of our export trade within a short period of time.

Regarding the relationships between exports and imports, there is also the problem of breaking through the old conventions and opening up a new situation.

Generally speaking, exports are the basis of our foreign trade. It will never do if we conduct our foreign trade in the manner of importing only without exporting any goods. We have always been particular about striking some important balances, including the balance of international receipts and payments. However, does this mean that in arranging our export and import business that our imports should be restricted by the value of exports and should not exceed our exports every year? No, this is not a good way of putting it. Regarding this question, we should make all-round arrangements by considering the whole situation, and we should correctly understand and handle the dialectical relationships between exports and imports. That we can only import after we have exported some of our goods and obtained some foreign exchange to pay for our imports is only one aspect of the question. We should see another aspect of the question, namely, our imports can in turn promote our exports. For example, when we lack materials for producing goods for export, we have to import the materials and then process and turn them into goods for export. Only by so doing can we promote our exports. Another example is that by introducing equipment and technology to increase the output and improve the quality of our products, we will be able to make them more competitive in the world market. Thus imports will also promote our exports. These arguments have long been fully proved by the successful experiences in Japan and many other countries and areas. Could these countries and areas have survived if they had restricted the volume of their imports to that of their exports? Therefore, promoting imports by developing exports and promoting exports by developing imports is a kind of dialectical relationship. This relationship can only be rationally balanced and reasonably handled in the course of time, perhaps 1 or 2 years.

What policies should we adopt and in what direction should we strive to increase the export of our products? To answer this question, we have to sum up the experiences in our history. In the past, the export of some kinds of our products relied, to a great extent, on reducing their supply in our domestic market. This was a natural practice during the 1950's because we had very few things to export at that time and could not avoid doing this. However, it is wrong to continue to do so now. Certainly, we can reduce the supply of some high-grade goods and agricultural and sideline products at home in order to export these goods. But even in doing this we should not go too far and we should not base our hopes for increasing exports on this. Otherwise we will bring about an acute shortage of consumer goods in our domestic market, and thus we will not only force our people to reduce their consumption but also make it impossible for the processing undertakings in our country to develop smoothly. Moreover, a shortage of goods at home will impair our people's initiative and will encourage speculative activities in our domestic market. Perhaps some people will say that the United States is also exporting a large amount of agricultural products. This shows that these comrades do not understand the essence of the problem. Agricultural production in the United States has already been carried out in the manner of industrial production, and this is completely different from the agricultural

production in the countries of the Third World. The extensive export of agricultural products by the United States is in essence an action to dump its surplus industrial products. On the other hand, when the Third World countries sell agricultural products to developed capitalist countries in exchange for their industrial consumer goods, they suffer the exploitation of the rich countries because of the unequal exchange. We should not follow the path of these Third World countries or we will commit mistakes.

What should we do in accordance with a correct policy? According to our historical and current experiences, we should strive to make progress in the following four directions:

First, energetically increasing our export of mineral products and vigorously developing our export of nonferrous and rare metals. In the past, there was an argument that strategic materials should not be exported. This view has long been outdated. We should emancipate our minds in understanding this problem. Of course, we should arrange our export of these materials in a planned manner and strive to get the most favorable terms in trading them.

Second, conscientiously increasing our export of mechanical and electrical products. In the past few years, we have made relatively rapid progress in this respect, but there is still great potential to tap. We should mobilize the millions of staff and workers in our engineering industry and encourage them to raise the quality of their products and improve their technology in order to enable their products to enter the world market and win prestige for their motherland.

Third, further developing the export of light industrial products, textiles, various arts and crafts articles such as chinaware, cross-stitch work, Chinese medicines, clothes, embroidery products and carvings.

Fourth, developing the export of our special local products such as tea, Chinese medicinal materials, livestock products, natural products and preserved fruits.

Of course, if necessary, we will have to reduce, to an appropriate extent, the domestic supply of some daily consumer goods that are in short supply both at home and abroad and that are much needed in the livelihood of our people in order to increase their export.

We should adopt a series of policies and measures in order to develop our export trade. For example, we should adopt proper policies in support of the development of our export trade, including going out to establish marketing and servicing networks, making increased efforts to improve the prestige of our products, pay attention to product quality, pay attention to honoring agreements, solving transportation problems and port problems, and bringing into full play the initiative of all departments and areas.

VIII. How Are We To Correctly Support the Third World?

Offering support to the peoples of all Third World countries in their just struggles to defend their national independence, develop their national

economies and oppose imperialism, colonialism and hegemonism is China's international duty which it cannot shirk. Over the past 30 years and more, China has done a lot of work in such aspects and played an important active role in handling international affairs.

Most of the Third World countries are countries friendly with us and are enthusiastic in opposing imperialism, colonialism and hegemonism. However, their social and political systems and level of economic development differ widely. Regarding the level of economic development of these countries, most of them are poor or the poorest countries in the world and only a small number of them are rich. In terms of per capita average national product, the United Arab Emirates, Qatar and Kuwait rank as the top three in the world, but they are Third World countries. There are also quite a few Third World countries that are much richer than our country. Owing to the above-mentioned complicated situation, in carrying out our policies of supporting Third World countries including the policy of giving them economic aid and promoting our economic contacts with them, we should make a clear distinction of their different economic statuses and act accordingly.

One of the facts at present which cannot be ignored is that many of the Third World countries are carrying out their economic construction on a fairly large scale. This is the case in many countries in Latin America, Africa, the Middle and Near East, the Gulf area and Southeast Asia. There are bright prospects for our economic cooperation with them.

On the other hand, we should extend by every possible means material aid to those poverty-stricken countries which are in difficulty and which are subject to external aggression and threats.

Our comrades must understand that supporting the Third World countries is an issue of strategic significance and we should never neglect this issue. Now many Third World countries hope that we will help them in their development. They say that some of the First World and Second World countries have set up factories in their countries to bully them and some are even carrying out subversive activities there. These countries have also expressed their confidence in China. It is reported that in the past few years, India has achieved good results in setting up joint venture enterprises abroad--mainly in other Third World countries. In 1981, the number of such joint venture enterprises was more than 400 and these enterprises were located in more than 40 countries in the world, of which more than 90 percent were in Southeast Asia, South Asia, the Middle East and Africa. We should also do our best to do something along these lines.

IX. We Should Correctly Understand Political and Economic Relations

In order to develop our foreign economic activities well, we should break with some old conventions and set to right the relationships between politics and the economy.

For a long time, we upheld the argument that economics must be subordinated to politics. This argument is partly right but it fails to take every aspect

of the problem into account. One of the basic viewpoints of Marxism-Leninism is that economics and politics influence and act on one another but in the final analysis, politics is decided by economics. This is also true in handling the issue of foreign relations. If foreign economic relations are developed in a satisfactory manner, it will facilitate the continuous development of political diplomatic relations. On the contrary, if we fail to open up the prospects for developing foreign economic relations, the development of political relations with foreign countries will inevitably be obstructed and will never be able to be vigorous. The reason why many countries carry out their economic transactions with one another despite bitter political antagonism lies in the demand resulting from their economic interests. Not only the capitalist countries but all countries have to take into account their major economic interests in deciding their political policies. This is a common phenomenon in the world.

In handling the relationships between politics and economics, we should stress that stringent efforts should be made to master advanced science, culture and management methods from other countries, but as for the influence of corrupt bourgeois ideas, we should resolutely oppose them. At present, some people are adopting a diametrically different attitude. They do not work hard to learn from the really advanced things abroad and even completely neglect the study. On the other hand, they treasure the most degenerate and the most evil things from capitalist countries and allow them to become all the rage. We have sharply pointed out this problem for a long time, to call the whole party and the people throughout our country to be on their guard and to pay attention to correctly handling this problem. We should strictly enforce the discipline that governs our external economic activities and tell everyone who is engaged in external economic activities his obligation to observe discipline. If anyone violates this discipline, he will be punished in accordance with party discipline, administrative discipline and the laws of the state. We should intensify our education in patriotism and internationalism and teach all our party members, cadres and citizens to understand that in our contacts with the outside world we should resolutely oppose the corruption of capitalist ideology, safeguard our national dignity and national interests and maintain the prestige of our party and state.

China is implementing special policies and flexible measures in Guangdong and Fujian Provinces, and has also established in the two provinces four special economic zones, namely, Shenzhen, Zhuhai, Shantou and Xiamen. We should intensify our education and make the cadres and masses in these provinces, especially those in the special economic zones, really understand the true implications of the special policies and the flexible measures. What is special is special only when it is compared with what is unified, and what is flexible is flexible only when it is compared with what is in accordance with principle. Both specialty and unity and both flexibility and principle are related with one another. The special policies are adopted under the guidance of the unified national policy. Deviating from the four basic principles and the socialist orientation is not a part of the special policies but is called degeneration. Our flexible measures can play flexible roles only on the basis of firmly adhering to a principled stand. Casting

away the communist stand, the party spirit and the party principles is not called a flexible way of doing things but is called capitulationism. This fundamental demarcation line must not be obscured. Through the development of our foreign economic relations, the special policies and flexible measures are primarily aimed at enabling us to do a better job of boldly promoting construction on our own initiative and under better conditions, and to improve product quality, production techniques and management for the sake of making new progress in two fields, namely, the management of economic construction and the development of foreign economic relations.

X. The Profound and Lasting Significance of Expanding Foreign Economic Relations

A major issue that our central leading comrades have been repeatedly mulling over is whether we will be able to achieve material successes in our socialist modernization within this century. We have confidence in this. However, taking our party as a whole, there are still some comrades who lack confidence and a small number of people even doubt it. Naturally, as yet no one can immediately foretell how great our material successes will be in our modernizations and one can only give a rough estimation. If we do our work well, we may achieve relatively great success, but if not, we will perhaps achieve only some small or medium successes. One of the critical issues here is whether we will be able to really open up bright prospects over the next few years.

It is not easy to open up bright prospects. During the initial period of the war of resistance [against Japan], Comrade Mao Zedong and Comrade Liu Shaoqi laid stress on opening up bright prospects. As Comrade Liu Shaoqi so rightly said, there is always a problem of opening up bright prospects during the period of a turning point. This is a historical truth. In the modern history of China, the Taiping Tianguo initially opened up bright prospects, but there was a change in the situation after it took Nanjing and the bright prospects were lost. When Doctor Sun Yat-sen led the revolution, the 1911 revolution opened up bright prospects, but this was brought to an end by his death. The tortuous course of our history tells us that all those who want to lead the historical trend and open up a bright prospect must first of all have a good insight and some courage and perseverance. Moreover they should also have a complete set of correct strategy and tactics. Otherwise, it will be impossible for them to open up bright prospects, and even once they have opened up some prospects, they will not be able to maintain the good situation and win final victory. On the contrary, they will often suffer defeats when victory is already in sight.

To open up bright prospects, our task in the economic field at present lies chiefly in the following four closely connected links:

First, bringing our agricultural potential into full play and particularly bringing about a great development of our diversified economy.

Second, bringing our industrial potential into full play and particularly achieving success in reorganizing enterprises at an early date.

Third, developing China's financial, monetary and commercial circulation in a more healthy way.

And fourth, relatively quickly developing our foreign economic relations.

If in the coming 20 years, we quadruple the scale of our foreign trade through developing our foreign economic activities, our total yearly trade volume will be 160 billion yuan. This figure appears tremendous, but it constitutes only 4 percent of the total yearly trade volume in the world at present.

Lu Zhi, an outstanding statesman and a man well known for his abilities in conducting financial transactions in the Tang dynasty, once said: "Losing a large amount of money because of begrudging a small expenditure, this is what a businessman will not do; and losing a bright future prospect because of pursuing immediate interests, this is what a man of common wisdom will not do." These words were well said. Our comrades who are engaged in economic work should be enlightened by these words. Businessmen who know how to do business, who are good at increasing sales by narrowing their profit margin and who really want to enliven their business will never act in the manner of losing a large amount of money because of begrudging a small expenditure. Even people of common wisdom can understand that it is wrong to give up one's future bright prospects in pursuing one's immediate interests. This means that we should be good at having a thorough understanding of the whole situation and at perceiving the future general direction of the development of things, thus we will have a strategic insight and will be free from shortsightedness.

Have we not always mentioned being of one heart and one mind? Being of one heart means that we should think the same way and being of one mind means that we should struggle together. As long as we really unite our strategic thinking and really coordinate our tactical actions and thus think the same way and struggle together, we will surely open up bright prospects. Of course, this takes time. In the future, we should seek to be of one heart by means of exchanging opinions and conducting investigation and study and we should seek to be of one mind through the practice of fighting together. In short, let us be of one heart and one mind in striving to open up bright prospects so as to develop the cause of socialist modernization of our motherland.

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ON BOURGEOIS LIBERALIZATION AND OTHER ISSUES

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 11-13

[Article by Hu Qiaomu]

[Text] Editor's note: Issue No 23, 1981, of this magazine carried an article by Comrade Hu Qiaomu entitled "Some Present Problems on the Ideological Front." After the publication of this article, some constructive views and suggestions were received from readers on this discussion. Therefore, before the article's publication by the People's Publishing House, Comrade Hu Qiaomu made some amendments and additions to this article based on the views and suggestions of readers. In the amendments and additions, the expositions on the issues of bourgeois liberalization and of the criteria for appraising literary and art works are very important. At present, we are publishing them under the title "On Bourgeois Liberalization and Other Issues." The parts published here are based on the sequential order of the original article with captions and annotations added. The fourth part is not an amendment of the original article, but a new annotation added by the author.

1. On the Meaning of Bourgeois Liberalization

Here I would like to briefly discuss the meaning of bourgeois liberalization. Why do we call the social ideological tendency of opposing the four basic principles which exists in our society at present the ideological tendency of bourgeois liberalization? As everybody knows, the most important freedom under the capitalist system is the freedom of capitalists to carry out exploitation through the hiring of labor and the freedom of safeguarding bourgeois private ownership. This is the most essential point about bourgeois liberalization. The others include freedom of speech; publication, assembly, and association; freedom of election; and freedom for two or more parties to hold office in turn. In the final analysis, all these are derived from the above-mentioned important freedom and serve it. Moreover, this ideological tendency appearing in our society at present is characterized by energetically publicizing, advocating and seeking the freedom of the

bourgeoisie and trying to apply the bourgeois parliamentary system, the two-party system, the election system, the bourgeois freedom of speech, publication, assembly and association, bourgeois individualism and nihilism to a certain extent, bourgeois profit-before-everything ideas and actions, bourgeois lifestyle and vulgar interests, bourgeois morals and artistic standards, bourgeois speculation and manipulation, graft and embezzlement, extortion and accepting of bribes, profiting at public expense, appropriating public property, and worshipping and fawning on the capitalist world to oppose our political, economic, social and cultural life, and negate, oppose and sabotage in principle China's socialist cause and negate, oppose and sabotage the leadership of the Chinese Communist Party over China's socialist cause. The social essence of this ideological tendency is to, consciously or unconsciously, try and break away from the socialist path and practice the so-called liberal trend of capitalism in the political, economic, social and cultural spheres. Therefore, we call it the ideological tendency of bourgeois liberalization. Clearly understanding and grasping the significance and characteristics of this ideological tendency will help us to guard against the misuse of this concept and help us to pay attention to drawing clearly some important lines of demarcation. For example, if a party member or a citizen criticizes a certain decision, a certain aspect of work or a certain responsible person of a certain party organization, he is exercising his legitimate democratic right and cannot be described as negating and opposing party leadership or as seeking bourgeois liberalization. Also, the academic freedom and literary creative freedom protected by our constitution and law are essential to the development of science and art, and these are completely different from the bourgeois liberalization mentioned here. No doubt it is necessary to properly solve the relations between collective planning and freedom of individual activity in scientific research organs and artistic undertakings and organizations, but generally speaking, this also does not involve the question of bourgeois liberalization. Conversely, if anyone really wants to negate, oppose and undermine the socialist cause of China; negate, oppose and undermine the leadership of the Chinese Communist Party over China's socialist cause or try to replace socialism and the whole socialist system with the liberal system of the bourgeoisie, we must wage a struggle against him no matter how he defends himself.

2. An Analysis of "Unrequited Love" and "The Sun and the Man"

The reason why we criticized the film script "Unrequited Love" and the movie "The Sun and the Man" based on it, is because they distorted the historical development of practical life in our society. Actually, they negated socialist China and the party leadership and propagated the "freedom" of the capitalist world. In both "Unrequited Love" and "The Sun and the Man," the author and the film's director made use of contrasts and spared no efforts to propagate the following view to the people: The "gang of four" represents the Chinese Communist Party and the 10 years of chaos means socialism. In socialist China, the Chinese people have not yet been emancipated and enjoy no freedom at all. What they display are ignorance and superstition. The party and the people have not won an historical victory in their struggle against the "gang of four." Therefore, there is not the slightest brightness and freedom in China and intellectuals deserve no better fate than

persecution and humiliation. It seems that brightness and freedom only exist in the United States and the capitalist world, where the fate and freedom of life enjoyed by intellectuals are the admiration of everyone. Such a viewpoint is a typical manifestation of bourgeois liberal thinking. It is obvious that if we had failed to criticize "Unrequited Love" and "The Sun and the Man" and to educate people in our literary, art and ideological fields and the whole party through criticism so that they could enhance their capability to combat the tendency of bourgeois liberalization, it would have been difficult to maintain the socialist orientation of our literary and art cause and other causes.

3. On the Erroneous Tendency of Seeking Commercialization of Spiritual Products

In our socialist society, just as do material products, most of our spiritual products circulate as commodities. However, both the production of material and spiritual products should have the basic objective of satisfying the material and spiritual needs of the whole people. To attain this basic objective, our departments in charge of spiritual production should not only increase the quantity of the spiritual products, but do their best to enhance quality. In other words, we should make every effort to ensure that every spiritual product has patriotic, revolutionary and healthy ideological content and that it spiritually provides people with aesthetic enjoyment and inspires strength so that they will strive to make progress. At the same time, in spite of the fact that most spiritual products circulate as commodities, no spiritual product can break away from its spiritual objective and be blindly commercialized. In a word, the practice of "taking money as the be-all and end-all" is not allowed. If we depart from the basic objective of satisfying the needs of the people and blindly seek commercialization, we are liable to deviate from the basic principle of socialism. Then there would be no intrinsic difference between the spiritual production of our society and that of capitalist society. In capitalist society, both the production of material and spiritual products is highly commercialized and seeking profit is the sole objective. For the sake of making money, everything can be sold. Even the intuitive knowledge of man, personal influence, and living bodies of human beings can be "freely" sold as commodities. For the purpose of making profits, much spiritual production may unscrupulously produce various kinds of vulgar, philistine, decadent and reactionary spiritual products to corrode the spiritual world of the people basically without any interference. The commercialization and liberalization of such spiritual products is one of the basic reasons why spiritual crisis occurs and cannot be avoided in the capitalist society. At present, owing to shortcomings in their management systems and erroneous guiding ideology, some of our departments in charge of spiritual production, such as the press, editorial sections of publishing houses, and literary and art units have followed the erroneous tendencies of seeking the commercialization of spiritual products to a certain extent. They have defied the socialist principle of meeting the needs of the people who are engaged in modernization and failed to set high demands on publications and the ideological content of artistic activities. Instead, they "have taken money as the be-all and end-all" so that some spiritual products which surely exercise

passive influence and corrode people's minds have prevailed in varying degrees. Some people even advocated that our publication and cultural undertakings should not be run by the state and society alone and that free management by individuals should be allowed. In the cultural field, such bourgeois liberal thinking and the spread of various erroneous viewpoints will play a role which cannot but encourage the spread of the tendency of bourgeois liberalization. This is a matter which merits our close attention and should be truly corrected.

4. On the Problem of Criteria for Evaluating Literary and Art Works

We should evaluate literary and art works from the two aspects--ideological content and artistic form. Generally speaking, the ideological content of literary and art works involve a number of things, including political, social, philosophical, historical, moral and artistic viewpoints, and so forth. Obviously, these viewpoints put forth in literary and art works are not abstract, but are connected with the truthfulness of life reflected by artistic images, subject matters, plots and art. Therefore, we demand that while evaluating the ideological content of a work, apart from analyzing its political views and tendencies, we should also analyze its ideological content in other respects and its understanding of the value of life. Only thus can we reflect the overall ideological content of the work. If we fail to do so, we are liable to regard literary and art works as the diagrams of certain political views. With regard to literary and art works with very strong political tendencies, their ideological contents should not be restricted to political tendencies alone, unless they do not possess the characteristics of literary and art works in general. Therefore, we should not reduce the ideological content of literary and art works to political viewpoints and tendencies alone (there is no doubt that revolutionary political viewpoints and political tendencies are absolutely important and necessary for a revolutionary writer). We should not take the political criterion in isolation as the first criterion for evaluating literary and art works. If we do so in a coercive fashion, we are liable to do things in an oversimplified and crude way in practice and obstruct literary and art creation and the healthy development of literary and art criticism.

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A PROBE INTO A DEVELOPMENT STRATEGY FOR SOLVING THE FOOD PROBLEM--TALK ON
EXPLOITING PROTEIN RESOURCES AND INCREASING THE UTILIZATION RATE OF PROTEIN

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 14-19

[Article by Luo Jingba [5012 0513 2672]]

[Text] Editor's note: This is a good article well worth reading. It is clearly integrated, coherent and easy to understand. In the light of the research findings of many scientists of our country and the actual condition of our agriculture, the article expounds penetratingly with simple language the thesis that China must take the road of giving first priority to plant protein and at the same time appropriately developing animal protein so as to meet the nutritional requirements of 1 billion people.

Thousands upon thousands of comrades who do agricultural work and are related to agricultural production have too little knowledge of science on the one hand, and there is a lack of scientific and technical books which can quench people's thirst for knowledge on the other hand. Therefore, all of us have, in fact, a scanty knowledge of such questions as why a man must eat and what feasible methods we should take to further solve the problem of feeding a population of 1 billion. It seems to be a fantastic story which is hard to believe but which, in fact, is a living reality. In this way, how can blindness not emerge in our work? In order to get rid of blindness and enhance our consciousness, while earnestly implementing the various policies of the CCP Central Committee, we must attach great importance to the position and role of science and technology in our socialist modernization program and conscientiously study and master modern scientific and technical know-how. It is hoped that the departments concerned, particularly the planning and agricultural departments and food and feeding industrial departments and the related scientific research institutions will seriously consider and study the proposals put forth by the article.

People take food as everything. The problem of how to feed a population of 1 billion occupies a very important position in the development strategy for science and technology, the economy and society.

Eating meets the man's needs for nutrition. Man's needs for nutrition are diverse, but the most fundamental ones are for energy and protein. At present, 80 or 90 percent of these two kinds of nutrition needed by our inhabitants are derived from cereals.

According to a nationwide nutrition survey conducted by the health department and its affiliated organizations under the instruction of the State Scientific and Technological Commission in 1959 (Note: Since the 3d Plenary Session of the 11th CCP Central Committee, considerable improvements have been made in the nutrition of our people but the situation in which people lack protein has not changed fundamentally), every day every member of the urban and rural population absorbed on average 2,060 kilocalories of energy and 57 grams of protein. With regard to the nutritional situation at that time, the supply of calories was 10.4 percent less than the standard requirement and that of protein was 18.5 percent less. In the southeastern and southwestern regions of the country, the people's principal food is rice, so the protein content is less, constituting on average only about 60 percent of the standard required supply. It can thus be seen that in improving the people's nutrition, efforts should be made to solve the problem of protein. To this end, the writer of this article would like to discuss some of his tentative ideas on this problem.

The general method for the developed countries to solve the problem of protein requirements is to substantially expand grain crops and to use 60 to 70 percent of the output of cereals as fodder to develop animal husbandry. The average annual amount of grain per capita of countries such as the United States, Canada, Australia and Denmark is above 2,000 jin and that of the Soviet Union, Hungary, Romania and Yugoslavia is around 1,500 jin. Japan is an exception. When Japan began to vigorously develop animal husbandry in 1973, the average per capita amount of grain was only 400 jin and it mainly depended on imported fodder for a solution of this problem.

To reach the level of a per capita average of more than 1,500 jin of grain, there must be more cultivated land. Our country has a large population but limited cultivated land. Therefore, the development pattern of the developed countries does not suit China's national condition.

Since the 3d Plenary Session of the 11th CCP Central Committee, there have been substantial advances in China's agricultural production. Now every person has on average 650 jin of grain. In accordance with the suggestions of the Chinese Society of Physiological Science, to meet the needs of man's body for thermal energy, it is enough for every person to have on average 360 jin of processed grain a year. So, in terms of nutriology, it is not difficult to meet the needs of the whole population of the country for heat energy. The problem lies in the need for protein.

The Nutritive Value of Protein

The cell of all organisms consists of various kinds of protein. Engels pointed out: "Life is the mode of existence of proteins. This mode of existence lies, in essence, in the constant self-renewal of the chemical components of these proteins." ("Selected Works of Marx and Engels," Vol 3, p 120 Protein is the main constituent of the human body. The growth and the daily and hourly metabolism of human beings need to be continuously replenished by protein. The various kinds of protein are chemical compounds of macromolecule which are combined by more than 20 amino acids in accordance with a certain sequence of permutation and space structure. The protein in the human body can be resolved into various amino acids through the functions of various enzymes, and the human body again forms the amino acids into different proteins according to its different needs. There are eight amino acids that cannot be synthesized by the human body; they must be absorbed directly from food. These amino acids are called essential amino acids; they are methionine, lysine, leucine, isoleucine, phenylalanine, theonine, tryptophan and valine. The remaining amino acids that can be synthesized by the human body itself are not the essential amino acids in food. The human body forms the protein of the human body in a way that takes a kind of amino acid with the least content as the basic point and absorbs the various remaining amino acids in proportion. Therefore, a so-called nutritional balance is in fact a kind of "short-line balance," that is, of these eight amino acids, any one which has insufficient content will interfere with the full utilization of the remaining amino acids. These incomplete sets of amino acids cannot be formed into the protein of the human body but can only produce thermal energy. They are wasted, so to speak. Therefore, of the edible proteins, whether the proportion of the content of various amino acids is coordinated is a very important problem. The nutritive value of the proteins whose various amino acids are in proportion is high and that of the proteins whose various amino acids are in disproportion is not high. Therefore, in terms of modern nutriology, there is both the question of quantity and quality in the need of the human body for protein. Generally speaking, every person needs on average more than 70 grams of protein a day. This is a quantitative index. Along with this, the eight essential amino acids contained in these proteins must be in a certain proportion and the proportion of any one of them cannot be too little, that is, the nutritive value must be complete. This is a qualitative index. Protein from animal sources generally contains the eight amino acids needed by the human body, and particularly eggs and milk, in which the proportion of the eight amino acids is coordinated, provide complete nutrition. This is the fundamental reason why many developed countries attach importance to developing animal husbandry to solve the problem of edible protein.

Exploit Protein Resources and Increase the Utilization Rate of Protein

In considering solutions to the problem of the need of our people for protein, it is necessary to give consideration to both quality and quantity and to try by every conceivable means to exploit protein resources and increase the utilization rate of protein.

Raise the protein content of cereals and vegetables. Raising the protein content of cereals through breeding work will help substantially improve the protein content of cereals and the nutritional level of cereals in terms of the quantity of protein. Take wheat for example. The protein content of wheat in the areas north of the Huanghe River is about 13 percent and that in the Changjiang River basin is 10 to 12 percent. The protein content of the commodity wheat of the United States and Canada is, on the whole, 15 percent and the protein content of some new varieties that have started to be popularized is 17 to 18 percent. In England, the protein content of the latest experimental variety of wheat is 25 percent. It can thus be seen that the potential for raising the protein content of cereals is fairly large. In the past, in our breeding work, one-sided emphasis was put on output targets at the expense of the nutritive value of crops and of whether the crops suited the people's tastes. In the future, more attention must be paid to the nutritive value of any new variety and to making a quantitative analysis, and especially making an analysis of the protein content and the composition of amino acids. This requires that agricultural scientific research departments and educational departments enhance the building of a specialized profession of nutrition.

With regard to the food structure of our inhabitants, vegetables are second only to cereals. By and large, the protein content of vegetables is not high, but the protein content of fresh mushrooms is about 3.5 percent, much higher than that of common vegetables (the protein content of Beijing cabbage is 1.1 percent and that of radishes is 0.6 percent). In the process of growth, mushrooms can use the cellulose of plant straws and seed shells for nutrition. None of these things can be digested and absorbed directly by the human body. Therefore, culturing mushrooms by using wood-wool, cottonseed shell and cow dung as a culture medium is an important way to increase the sources of protein. At present, the world annual output of mushrooms is over 1 million tons. In the United States, some people predict that fungus food will become one of the main foodstuffs in the 21st century. Many units in the cities of our country have begun to produce various edible fungi. The annual output of edible fungi of Fujian Province is 40,000 tons and that of Shanghai is 6,000 tons. They are mainly for export. The culturing of mushrooms must be done under certain conditions, but it requires comparatively little investment and promises fairly quick results. It is a kind of labor-intensive and intellect-intensive production, and is in a position to provide jobs for quite a few youths waiting for employment. Some people say it is a kind of "urban agriculture" which has a great future. The underground civil defense projects in many cities of our country can be used for producing mushrooms. However, at present the output of the culturing of mushrooms is not high and the production costs are relatively expensive. This problem needs to be solved through scientific research.

In developing a diversified economy in the rural areas, it is imperative to make the exploitation of protein resources as an important goal. Special attention should be devoted to the utilization of hills, lakes and ponds as well as sea mud and to the planting and gathering of crops and fruits which have a rich protein content, such as Chinese chestnut, walnut, oil-tea camellia, mudou [2606 6258], shiny-leaved yellowhorn, olive, water caltrop

and kelp. Most of the seeds of oil-bearing crops have both a high fat and a high protein content. Developing these plants will provide people with the most needed protein and fats. This can kill two birds with one stone. Particular importance should be attached to it.

Revive the acreage planted to soybeans and develop the soybean food industry. Soybeans contain about 40 percent protein and around 20 percent fat. Of the amino acids in the protein of soybeans, besides the fact that the methionine content is relatively poor, the content of the remaining essential amino acids is relatively high. Therefore, soybean is a grain crop with high protein and high fat content, and is a crop which has a relatively complete nutritive structure.

Our country was the origin of soybeans and is called "the land of soybeans." China's acreage under soybeans in the 1930's totaled 220 million mu. Both the output and export volume of soybeans constituted 90 percent of the world total. This figure began to decline in the 1940's but gradually increased after the founding of the PRC. The soybean output in 1956 was 20.4 billion jin and the acreage under soybeans in 1957 was revived to 190 million mu. However, by the 1960's and 1970's, as the result of one-sidedly concentrating on grain output and denouncing soybeans as a "low-yielding crop," the acreage under soybeans and the soybean output had dropped by a big margin. The acreage under soybeans dropped to a minimum level of 100 million mu and the minimum annual output was 14 billion jin. Besides, precisely at this time, the world output of soybeans increased far more rapidly than that of other grain crops. The total world soybean output in 1949 was only 24.8 billion jin, but by 1979 it had increased to 188.3 billion jin, an increase of 6.6 times over the 1949 figure. The soybean output of the United States in the same period increased by 9.7 times and its acreage under soybeans rose from several million mu to 440 million mu, constituting over 14 percent of the acreage under grain crops, and its total output was 121.7 billion jin. Brazil began to import soybean seeds from our country in 1960. In 1970, its acreage under soybeans was no more than 20 million mu and its annual output was 3.1 billion jin, but in 1977 its acreage under soybeans was developed to 100 million mu and its annual output was 25 billion jin, thus becoming the second largest soybean-producing country in the world.

Is soybean really a "low-yield crop"? Calculated in terms of output alone, the output of soybeans is really lower than that of other grain crops (for instance, in 1980 the average per mu yield of paddy rice was 550 jin; that of corn, 410 jin; that of wheat, 250 jin; and that of soybeans, 146 jin). However, judged from the point of view of nutriology and economic results, soybeans can by no means be called a low-yield crop. Compared with soybeans, the protein content of corn is usually around 8 percent. The protein of 1 jin of soybean is equal to the protein of 5 jin of corn, and furthermore the quality of soybean protein is far superior to that of corn. According to the calculations of scientists, the application of every 1,000 kilocalories of energy to 1 mu of land sown with corn will achieve an additional increase of 2.69 kilograms, and the application of the same quantity of energy to soybean production will achieve an additional increase of 1.43 kilograms. The increased amount of soybeans is not as large as that of corn

but, calculated in terms of protein content, the protein content of corn is only 215 grams while that of soybeans is 514.8 grams. The protein content of soybeans is substantially higher than that of corn. According to data of the United States, the beef provided by 1 hectare of land sown with fodder grass can only meet the protein requirements of one person for 77 days; that provided by 1 hectare of land sown with wheat, for 877 days; and that provided by 1 hectare of land sown with soybeans, for 2,224 days. There is a lack of protein in our people's nutrition, so more importance must be attached to soybean production. For this purpose, we propose that before 1985, China's acreage under soybeans be restored to the level of the 1960's, that is, 150 million mu, and that by 1990, to the level of the 1950's, namely, 200 million mu, comprising about 10 percent of the acreage under grain crops. China has always attached adequate importance to the planting of grain crops rather than soybeans. The cultivation of soybeans has been invariably extensive. Therefore, the potential for increasing the yield per unit area is enormous. At present the average world per mu yield of soybeans is 200 jin. If we can reach this level by 1990 through ameliorating varieties and improving cropping techniques, then our country will be able to produce 40 billion jin annually and to reach an average of 37 jin per person, the level we attained in the 1950's. China's commodity base of soybeans is in the northeast. There is still enormous potential for increasing production there. Soybean is a hydrophilous crop. There are bright prospects for rotating soybeans with corn, cotton and other crops in the Huanghe River and Huaihe River basins; for interplanting soybeans with dry crops, such as corn and tea, in the south and for dibbling soybeans in parcels of land scattered around fields. This will both boost production and improve the soil through the fixation of nitrogen resulting from soybean root-nodule bacteria, thus contributing to putting an end to the decline of soil fertility. Therefore, gradually restoring and developing soybean production is an important measure for achieving many things at one stroke.

China has a fine tradition of processing soybeans. It has more than 100 varieties of bean products and fermented bean products. Most of them are conducive to raising the nutritional value of soybeans. At present a "craze for bean curd" has arisen in the United States and other countries in the West, a craze in which people like to eat Chinese-style bean products. Over the last few years, along with the advances in food-processing techniques and under the influence of modern nutriology, some countries, such as the United States, have been substantially developing the production of soybean protein. For example, there are nonfat soybean protein, enriched soybean protein, separated soybean protein, tissue soybean protein and others. Apart from the nutritive structure of soybeans, such as the inhibitor of trypsin, haemagglutinin, saponin, and gas-producing factors of intestines and stomach, these processed products increase nutritive value. They are widely mixed into meat, drinks, bread and refreshment products, artificial cream and other foodstuffs. According to statistics, at present in the world there are more than 12,670 kinds of foodstuffs which contain soybean protein. In the United States, every year 1.4 million tons of soybean protein are added to 16 kinds of foodstuffs. In order to raise the nutritive value of soybeans, we must carry on the traditional processing technology of soybeans and at the same time vigorously develop the soybean food industry.

Nearly half of the 15 billion jin of soybeans China now produces every year is used for extracting soybean oil. In the past, large quantities of soybean protein, which could have been digested by man and animals, became compounds which could not be digested and absorbed because of the improper use of heating in the process of extracting oil both by indigenous methods and machines. There were similar cases in the process of extracting oil from peanuts, cottonseed, rapeseed and others. This was a great waste of protein resources. It is necessary to be resolute in transforming our fat industry and to adopt advanced dipping processes, and while extracting fat we must try our best not to destroy protein. There are some problems calling for further study and solution in the choice of solvents, precipitation, deodorization and other processing techniques. In our country at present, most of the bean dregs left over after extracting oil are used as fodder. It is imperative to find new ways to use some of them directly as raw materials for producing foodstuffs, such as synthetic meat, bean powder, bean curd, and salted and fermented soy paste.

Revive and develop compound foods, such as mixed-grain flour, nutritious bread and fortified food. As we mentioned above, the nutritive value of protein is determined by whether the amino acids of which it is composed are in proportion. At present the main sources of protein for our people are cereals. In accordance with the principle of "short-line balance," in the protein of cereals, the lysine content is exceedingly scarce, which affects the role of the remaining amino acids. Lysine became the first amino acid which restricted the nutritive value of cereal protein. The recent experiment of the Nanning Maternity and Child Care Hospital in Guangxi shows that food mixed with two permils of lysine resulted in marked improvements in children's weight, height and health conditions compared with the control group in the experiment. It is known to all that in soybean protein, lysine is relatively plentiful. Mixing a certain amount of soybean powder into corn by utilizing the principle of nutrients complementing each other can raise nutritive value. People in the north have the habit of using mixed-grain flour. We must adopt measures to revive this tradition in grain processing. This is the most practical and effective way to increase the utilization ratio of plant protein. In our country the nutritive value of the composition of mixed-grain flour is as follows:

	Mixed flour <u>I</u>	Mixed flour <u>II</u>	Mixed flour <u>III</u>
Kaoliang (nutritive value of protein: 56)	30%		
Corn (nutritive value of protein: 60)	50%	75%	40%
Millet (nutritive value of protein: 57)			40%
Soybean (nutritive value of protein: 65)	20%	25%	20%
Nutritive value of protein of mixed-grain flour	75	76	83

Although the nutritive value of soybean protein is relatively high, the methionine content of soybean protein is still relatively low compared with animal protein and the protein from milk resources. Therefore, to bring into full play the nutritive value of such plant proteins as soybean, it is necessary to add a certain amount of methionine. Modern science enables the synthesis of the eight essential amino acids through biological methods such as fermentation and chemical synthetic methods. China's problem of producing these amino acids for medical use has now been basically solved. China has experimental factories with a total production capacity of 3,000 tons of edible lysine and lysine for fodder per year. However, other problems, such as the purification of these amino acids, have not been completely solved. Methionine has been produced on a small scale, but its price is nearly 10 times higher than that of imported methionine. We hope that the state will organize its forces to tackle key problems in scientific research in this respect and be determined to promptly set up several big factories each with an annual 10,000-ton plus production capacity in the period of the seventh 5-year plan. By so doing, we can substantially raise the nutritive value of our existing plant protein. This would be a major step in solving the problem of feeding a population of 1 billion. It needs an investment of only several hundred million yuan but promises fairly great economic returns. So we must make early preparations for it.

Develop the feed industry and improve the level of production of animal husbandry. According to study and research, the portion of solar energy transferred and utilized by crops in the process of their growth which can be directly utilized by the human body is only about 25 percent. It is only through animal husbandry that the remaining 75 percent (straw, stems and leaves as well as bran and others) can be transformed into animal protein, fat and so forth which can be utilized by the human body (of these materials, such as straw as well as stems and leaves, which constitute the 75 percent of energy, animals can digest and utilize only 25 percent and a considerable part of the remaining 75 percent becomes organic fertilizer which will become useful material to the human body through transformation by plants). This is the fundamental reason why we must give equal priority to both agriculture and animal husbandry and make strenuous efforts to develop animal husbandry.

In developing animal husbandry, it is necessary to pay attention to nutriology. The needs of animals for nutrition are the same as humans, that is, mainly energy and protein. Energy fodder and protein fodder constitute the principal part of fodder. Judged by a comprehensive survey of our fodder supplies, in the past importance was attached one-sidedly to the supply of energy at the expense of the supply of protein. The failure to ensure a proportionate supply of protein made animals unable to fully utilize the energy provided and thus resulted in the high "ratio between fodder and meat" (that is, several jin of fodder producing 1 jin of meat) in China's animal husbandry. High costs interfered with its development. For instance, in the past, in breeding pigs, we one-sidedly concentrated on the amount of grain and green fodder used for feeding pigs, but neglected the amount of energy and protein contained in the grain and green fodder and the proper proportion between the two. In the 1960's and 1970's, for a while we went in for saccharified pig feed in a big way, but there remained the problem of energy

fodder. One of the important reasons why our pigs provide more fat meat rather than lean meat is, apart from the factor of the breed of pig, that we have insufficient protein fodder.

In order to give full play to the role of fodder grain and green fodder, it is necessary to try in every possible way to exploit protein fodder resources and to enthusiastically develop mixed feed, compound feed and whole feed. Such being the case, we must develop the feed industry in a planned and vigorous way in the light of local conditions. This is the road we should follow in accelerating the development of animal husbandry and increasing its economic return.

How should protein fodder resources be exploited? There is a lot we can do in this respect. They are mainly as follows:

1. Fully utilize various existing cakes and dregs. Our fat industry produces nearly 20 billion jin of various cakes and dregs a year, some of which generally contain 20 to 50 percent protein. However, at present more than half of the cakes, such as rapeseed, peanut and cottonseed cakes, are used directly as manure. In our country, it is impossible to completely refrain from using the various cakes and dregs as manure for the time being, because some cake fertilizers must still be applied to some industrial crops. However, it must be realized that by not first using most of the cakes and dregs as feed and then using the waste of poultry and livestock as manure we are wasting protein resources. We must gradually change this situation and strive to make more cakes and dregs than we have at the moment so that they become a source of protein feed in the feed industry through simple detoxification processes.
2. Make full use of leftover bits and pieces, such as animal blood, flesh, bones, skin and pupas, from the meat-processing factories, slaughterhouses, fish-processing stations, and filatures of the cities and the countryside and turn them into various kinds of protein powder through processing.
3. Make use of industrial liquid waste and waste heat to develop unicellular fodder protein from fodder yeasts and nitrogen-fixing blue-green algae.
4. Produce lysine, methionine and various fodder vitamins and biotins and use them as the nutritive additives of feed so as to increase the utilization ratio of various kinds of protein of the feed industry.
5. Strengthen the study of mycelial protein, which uses petroleum and natural gas as raw materials, and develop the petroleum protein industry step by step.

Conclusion

To sum up, we should take the road of giving first priority to the development of plant protein and at the same time developing animal protein. This is a development strategy for solving the food problem, a strategy which suits China's national condition.

The road of giving priority to the development of animal protein which is being taken by the developed countries is in fact a road of using plant protein as feed to meet the nutritional requirements of human beings through the intermediary of transformation by livestock and poultry. This intermediary transformation is fairly inefficient (Note: According to study and research, the transformation rate of pigs is 18.3 percent; that of cows, 12.1 percent; that of milch cows, 25.3 percent; that of layers, 21 percent. That is to say, out of every 100 jin of plant protein, only about 20 jin can be transformed into animal protein and the remaining 80 percent can be used only as manure) and causes a lot of waste. This should not be taken as a model by our country, a country which has a large population but limited usable land.

Compared with plant protein, animal protein contains relatively complete nutrition. However, under the guidance of modern nutriology, we can develop compound food by mixing several plant proteins which contain different proportions of amino acids, thus enabling the plant proteins to complement each other and maintain a nutritional balance. We can develop fortified food, produce lysine and methionine, which plant protein lacks, with industrial methods and mix them into various plant proteins according to the proportion of amino acids in eggs and milk so as to raise their nutritive value.

The road of giving priority to the production of animal protein which is being taken by the developed countries provides relatively good nutrition but also has side effects which easily give rise to diseases, such as coronaries and obesity (Note: These side effects have become an important topic of social concern in the United States and Western Europe. Many scientists put forward plans for food structure which are aimed at reducing animal protein and increasing plant protein. Formerly, Japan's food structure was relatively similar to that of China. But over the last 2 decades, the food structure of Japan has advanced in the direction of giving priority to the development of animal protein, a road similar to that taken by the developed countries. According to recent investigations in Japan, 10 percent of Japanese youngsters suffered from high cholesterol. The shortcomings of this food structure can thus be fairly easily seen). Our country has a tradition of putting a vegetarian diet in first place. For this reason, we have basically avoided these side effects. However, incomplete nutrition of plant protein will also interfere with the improvement of the people's constitutions. The road we have proposed can simultaneously overcome the shortcomings in these two aspects. Of course, we do not in the least mean that we can neglect to expand the production of animal protein and the development of the production of animal husbandry and fishery. No misunderstanding is expected on this point.

To take this road, we must judge the value of various crops in accordance with nutriology rather than the output of the crops, and readjust the overall crop pattern and the whole agricultural structure of our country in a planned and orderly way. To take this road, we must mobilize the industrial and agricultural forces and the urban and rural forces to give equal priority to both industry and agriculture, to combine the city and the countryside, and to unite in our efforts to solve the food problem.

This road has opened up good prospects for solving the food problem of our country. Before the early 21st century, in view of the significant breakthroughs in science, such as biological fixation of nitrogen, genetic engineering and the synthesizing of protein, it will be possible to further improve the protein nutrition of the inhabitants of our country.

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RECTIFY THE IDEOLOGICAL LINE, DEVELOP CONSTRUCTION IN MOUNTAIN AREAS

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[Article by Tie Ying [6993 3841]]

[Text] Within Zhejiang Province there is an endless chain of rolling hills and a wide expanse of mountainous terrain, all of which are rich in resources. But, compared with the plains, the mountain areas are relatively backward both economically and culturally.

Since the 3d Plenary Session of the 11th CCP Central Committee, construction in Zhejiang's mountain areas has taken a turn for the better. A marked change has taken place in the poverty-stricken and backward appearance of these areas. After more than 3 years of hard work, grain output in the areas has increased. Diversified economic forms have vigorously developed. Forestry production has achieved a definite degree of recovery and progress. Many communes, production brigades and production teams have begun to show signs of affluence. In 1981, compared with 1978, in the 26 counties of the mountain areas of the entire province, the gross output value of agriculture increased by 23.4 percent; the area planted with tea increased by 200,000 mu and the gross tea-leaf production increased by 51 percent; nearly 100,000 mu of land were added to the mulberry fields and the gross silk output increased by 60.8 percent; over 98,000 mu of land were added to the orange orchards and the gross orange output increased by over 3 times; the number of pigs, cattle and sheep increased respectively by 17, 3, and 14 percent, and the number of rabbits bred increased by 1.8 times; the gross industrial output value of the communes and production brigades or teams increased by 1.5 times; the installed generating capacity of small hydropower units increased by 58 percent; and 356 mu of land were afforested. As a result of the development of diversified economic forms, the total quantity of state purchases of agricultural and sideline products increased by 57 percent. The standard of living of commune members was greatly improved. The per capita grain ration apportioned by the collectives increased from 525 jin to 567 jin; the per capita income distributed by the collectives increased from 79 yuan to 96 yuan; and, with income from household sideline production added, the per capita income amounted to 165 yuan and was as high as 280 yuan in some of the more affluent counties.

Reviewing the actual practice in the last 3 years and even over the past 20 years and more, we have come to fully realize that in order to develop construction in the mountain areas, the most basic conditions are that the ideological line must be rectified, that understanding must conform with reality, that guidelines and policies must also conform with reality, and that we must work in strict accordance with natural laws and economic laws.

I. Correctly Understand and Handle the Relationship Between the 70 Percent Mountains and 20 Percent Farmland; Put Construction in Mountain Areas in a Strategic Position

Zhejiang Province has a total area of 100,000 square kilometers of which mountain areas comprise about 70 percent, the plains areas about 23 percent and inland waterways about 7 percent. We generally speak of this situation as "70 percent mountains, 10 percent rivers and 20 percent farmland." Unfortunately, a great proportion of the mountain areas is economically backward and can produce little wealth or affluence. Take the 26 mountain counties for example: The gross value of their agricultural and industrial output in 1978 was only 16.67 percent of that of the province as a whole.

Formerly, many people considered the mountain areas as a burden and as a factor slowing the economic development of the whole province. Influenced by this idea, they frequently focused their attention on the plains, loosened their leadership work over the mountain areas and neglected construction in these areas. Some comrades in leadership organs seldom went to mountain areas to investigate or to do research, and many of the policies and measures were not in conformity with the realities of the mountain areas. Some comrades working in the mountain areas even "failed to see the mountains when opening their doors and did not care for the mountains even though they lived there." This was a one-sided and static viewpoint, and was the main ideological reason for the failure to develop construction in the mountain areas.

After the 3d Plenary Session of the 11th CCP Central Committee, in discussing the problem of developing a true standard which links together realities and summing up past experiences and lessons, we brought up the problem of studying anew the provincial conditions of Zhejiang. We emphasized the need to adopt a viewpoint calling for all-round development in treating the realities of the province. Everybody felt that despite the length of time we have worked in this province, some for a few years and some for over a decade, or as many as several decades, we still lack a clear understanding of Zhejiang's realities and its natural conditions and resources. This being the case, we are unable to offer correct guidelines or adopt appropriate measures. We cannot display our talents or evade shortcomings. We are bound to meet with setbacks. We have to take a zig-zag course and thus waste time and miss chances. We have been saying all along that Zhejiang Province is a "land of plenty and the kingdom of wealth and affluence." Naturally this is all true and reflects Zhejiang's special attributes and superior features. At present, people of the entire province depend on the plains as the source of their food and clothing while the state also counts on the plains for part of its revenue. Hereafter,

construction of the four modernizations in Zhejiang will have to depend on bringing the advantageous conditions and active role of the plains into full play. However, to stress the plains alone is not sufficient. The plains have a big population but little land. Comparatively speaking, the ground left unused is far less than that in the mountain areas. At the same time, economic construction in the plains cannot be separated from the mountain areas. The mountain areas must be depended upon for the supply of certain essential raw materials for industry, for construction materials, and for other important resources and materials. At present, very little of the aboveground or underground resources of the vast mountain areas has been opened up or utilized. In counties in the lower productive category, the output value per mu of hilly land ranges from 1 to 2 yuan while in counties in the higher productive category it is 6 to 7 yuan. The province has 8 million mu of hilly land suited to forest development. If a third of this land is subjected to intensive farming, then its gross output value would be equivalent to that of the present 27 million mu of cultivated land in the whole province. This shows that the hidden potential of mountain areas far surpasses that of plains. Mountains, rivers and farmland depend on each other and condition each other to form an integrated whole. The waterway system in Zhejiang Province has the defects of insufficient water at the source and too rapid a water flow. Because of this, the heavy erosion of soil and silt from the upper reaches of the rivers seriously damages farmland along the lower reaches. At present, many rivers have become more shallow and their navigable parts have been shortened. Much silt has collected in water reservoirs. A great proportion of farmland suffers from the threat of drought or waterlogging. All these things are the dire consequences of the prolonged neglect of construction work in the mountain areas.

Having rectified their ideological line, the provincial party committee and the provincial people's government adopted a series of measures to strengthen construction in the mountain areas. One of the measures is to make clear to all the idea of making construction in the mountains a strategic focal point in the construction of the four modernizations in the whole province and treating it as a promising factor in enriching the province. The party committees and people's governments at various levels have been requested to pay due regard to both the mountains and the sea. The second measure adopted is that organs ranging from the provincial to the county level have on various occasions conducted large-scale investigation of the mountain areas. In 1980 alone, throughout the province some 30 investigation teams, accompanied by the leadership, went to the mountain villages to conduct investigation and research. They produced several scores of investigative reports touching on conditions in the areas, analyzing them, and making recommendations. Still another measure adopted was the convening of two provincial work meetings on mountain areas. The meetings specially dwelt on the significance, the guidelines and the policy for construction in the mountain areas. Following the second work meeting on mountain areas, the province organized over 20,000 cadres to proceed to the communes and production brigades in the areas to establish authority, to issue permits and licenses, and to enforce the production responsibility system in the mountain and forest areas. The fourth measure taken was to take various

steps to aid the development of the economy of the mountain areas such as providing guidance, economic policies and financial and material support.

II. Correctly Understand and Handle the Contradiction Between Forestry and Grain; Determine the Production Guidelines for the Mountain Areas According to Local Conditions

For a prolonged period of time the poverty-stricken and backward appearance of the mountain areas has not been changed and the practice of deforestation and reclamation has not been checked. What is the reason for this? In the past, we simply ascribed this phenomenon to the struggle between the two classes and the two lines but failed to look to the production guidelines to find the reason. Just what should be the guidelines for production in mountain areas? For a long time there has been much discussion on this topic, but so far a correct answer has not been found. In the investigation of mountain areas it has been found, in all places, that the contradiction between forestry and grain constitutes a practical problem that cannot be avoided. In the past, we neglected the realities of mountain areas. We copied in full the slogan of the plains to take "grain as the key link." In some localities, the unrealistic suggestion was made that "peasants in the mountains should not eat any commercial grain" and that "in several years' time we would be able to lift off the 'cap' of grain deficiency." In the process of examining, appraising and comparing the performance of peasants, only the quantity of grain output was taken into consideration, while the quantity of output of mountain and forest products was ignored. In this way the cadre masses in the mountain areas were subjected to great pressure. Manpower and material resources in the mountain areas were not used in the mountains, or in afforestation, or in promoting the development of the processing of the special products of forests. Rather, they were used in opening up mountains and reclaiming farmland, which, in effect, only "bothered the people and wasted public funds." Such conditions as weather, sunshine, soil composition and water resources in mountain areas were totally ignored, and the "triple cropping" system and planting of "double-crop" rice were uniformly practiced. In arranging production tasks, the guidance given was not in accordance with different categories or localities and scant attention was paid to work in mountain areas. Quoting cadres in the mountain areas, "Water buffaloes and oxen basked side by side in the sunshine." This guidance policy, which obviously violated objective laws, has had serious consequences. In some localities, reclamation work was carried out on mountain tops and the mountains were denuded of perfectly good forests. This caused serious soil erosion, closed forest production channels, and dampened the enthusiasm of the masses.

Since the 3d Plenary Session of the 11th CCP Central Committee, we have summed up the experiences and lessons derived from these sources and come to the understanding that one logical premise for transforming this malignant cycle to a benign cycle in production in mountain areas is to pay due attention to the contradiction between forestry and grain and to correctly handle the relations between developing grain production and developing the economy in the mountain areas. People in the mountain areas must fill their stomachs. Hence, grain production should be developed. But how can this objective be

achieved? If we disregard the realities of mountain areas and one-sidedly stress the principle of "taking grain as the key link," and if we squeeze out the special products of mountains and forests, disrupt the ecological balance of mountain areas and adopt a farming system not in conformity with the realities of the localities, or, in other words, adopt a guideline of subjectivism, then the result will be barren hills, poor soil, poverty-stricken collectives, empty family coffers and a still lagging grain output. The years will roll by, but the situation of dependence on resold grain will stubbornly remain. People in mountain areas not only do not have money to spend but their grain ration is also very low. Before 1978, all those people in our province receiving an average income distribution from the collectives of 50 yuan or less and an average per capita grain ration of 450 jin or less, lived in counties in mountain areas. Commencing in 1979, we made it perfectly clear that, in general, communes and production brigades in the mountain areas should take forestry as their major profession but, since conditions vary, those suited to forestry should adhere to forestry, those suited to agriculture should take up agriculture, and those suited to animal husbandry should take up animal husbandry. To give people in mountain areas a chance to recuperate, reclamation was gradually stopped and afforestation was gradually resumed. The provincial people's government gave several hundred million jin of grain to be used for reducing the agricultural tax, reducing the state purchases and increasing sales, and subsidizing afforestation. Concerning grain production in mountain areas, the former uniformity in farming was abandoned and in its place a farming system suited to the special features of mountain areas was adopted. In some localities, the triple-crop system was changed to the double-crop system, while in other localities the planting of rice in paddy fields was changed to the planting of dry grain. The planting of beans and peas, potatoes, corn, sorghum, millet and other miscellaneous grains was promoted. Thus, the road of grain production became increasingly broad. In farmland capital construction, emphasis was put on transforming low-yield farmland. The result of this work was that grain production increased. The majority of mountain areas reported an increase in production every year, and the extent of the increase was much greater than that on the plains. With the help of "support grain" from the state, the grain ration and fodder grain of the people in the mountain areas were both generally increased. Qingtian County in the mountain area of southern Zhejiang Province used to feel a heavy burden in relation to grain. All along it has tried to remove the "cap" of grain deficiency but grain production never increased. Every year the county had to ask for an increase in "unified sales grain." In the last 2 years, they adjusted their production guidelines to local needs. They fully displayed the superiority of mountain areas and, as a result, forestry and diversified economic forms developed while grain production also increased. In 1981, after retaining sufficient grain ration and fodder grain for their own needs, the county was able to sell an extra quantity of over 2.3 million jin of surplus grain and reduced the quantity of "unified sales grain" by 7 million jin. Thus, facts have amply justified that if, to start with, we can keep in mind the realities of mountain areas and work according to objective laws, it will be possible to solve the longstanding contradiction between forestry and grain. Violating objective laws will result in both sides losing.

III. Correctly Understand and Handle the Relationship Between "Long" and "Short" in Production in the Mountain and Forest Areas; Insist Upon Using the "Short" To Support the "Long" and on the Union of the Two

The production cycle in mountain forests is a long one. It differs from other agricultural production precisely because of this feature. As the proverbial saying goes: "One generation plants the trees under the shade of which another generation rests." The forests that we have at present are mostly the fruits of the labor of our forefathers. Our work in planting trees and afforestation today is intended in most part for the welfare of our children and grandchildren. Once the forest resources are ruined, restoration will take several scores of years. This special feature of production of the mountain forests requires that we adopt a guideline calling for union of the "long" and the "short." On the one hand, we must protect the current interests of the masses in mountain areas in order to arouse their enthusiasm to devote their efforts to undertaking the building of timber forests which will not yield any benefits until a much later time. On the other hand, we must take a long-term view. Starting from now, we should expand the area of afforestation year after year to achieve the objective of the continuous existence of green hills, good for use forever and ever. We have consistently said: "Support the 'long' with the 'short,' and effect the union of the 'long' and the 'short.'"

In the past, in planting trees and in afforestation, we gave preference to timber forests. We began with the masson pine and followed up with the fir tree. Certain results were achieved. However, we did not at the same time get a grip on the economic forests, which can produce much quicker results. In consequence, the economy of mountain areas became a single-product economy and the income of the peasants was very low. Many cadres felt that "distant water cannot quench current thirst." They despaired because they planted trees every year but failed to benefit by any results.

Since the 3d Plenary Session of the 11th CCP Central Committee, concurrently with getting involved with the construction of forest base areas, we have emphatically got involved with the production of special mountain area products which can yield benefits in a short time or even within a year. This was because we felt that forestry production in our province was making slow progress and that peasant families in mountain areas were generally weak financially and urgently desired an increase in their income and an improvement in their standard of living. Counties in mountain areas analyzed the special features of the localities and summed up the experiences of certain advanced communes and production brigades which had transformed poverty into affluence. They raised the slogan "Heal poverty and get rich." For example, one slogan said: "To make Xin Chang rich, try planting tea and raising rabbits." Another slogan was: "Lin An has three treasures: tea leaves, dried bamboo shoots and hickory nuts." Many counties in mountain areas arranged "experience-exchange meetings" and printed and distributed small pamphlets. Their leading cadres solicited advice from wise people while the populace offered schemes and propositions. In short, a thousand ways and means were tried to open wide the door of production. In order to encourage people in mountain areas to develop their special products, the

provincial people's government fixed definite base figures governing the quantity of the state purchases of such special products as tea leaves, silk, oranges, the "three seeds" (tung seeds, tea-oil seeds and tallow seeds), raw lacquer, and resin. Surplus production of these products may be retained on a percentage basis. Extra state purchases will be paid for at higher prices or by sales rewards of grain, chemical fertilizers, and cloth tickets. As a result, in the last few years, there has been a booming growth of such crops as tea, mulberry, tangerines, day lily and so on. Their growth rate has risen every year. Take tea leaves for example: Production in the whole province in 1979 increased by 130,000 dan over that of 1978, the 1980 output increased by 200,000 dan over that of 1979, and the increase in 1981 over that of 1980 was 240,000 dan.

As we see it now, the populace has showed a high degree of enthusiasm for developing the "short" but has not paid sufficient attention to developing the "long." Thus, this requires that we guide the enthusiasm of the masses toward the development of timber forests and other products requiring some years for growth, and to really accomplish the objective of supporting the "long" with the "short." In this connection, we must stress the adoption of the following measures: First, based on the natural resources and economic conditions of the various localities, we must formulate a plan for the overall development of the economy in mountain areas. The plan will grasp both the "long" and the "short." It will capitalize on the "many" but will not lose sight of the "few." The superiority of the localities will be displayed. Second, we must adopt a correct policy. Apart from giving special rewards for the purchases of certain special forest products, the policy we adopt must support the development of timber forests. The requirement is that the 300 people's communes in the mountain areas of the province develop, in the next 7 years, 5 million mu of timber forests. Local financial administrations will earmark a certain amount of funds to subsidize afforestation work. Third, during the course of developing timber forests and bamboo production, we must also pay attention to the combination of the "long" and the "short." For example, bases will be developed for the quick-growth and densely-grown fir, so that in 3 to 5 years time the trees will be ready for intercutting. In the bamboo hills, an area will be reserved specially for bamboo shoot production, so that the populace can more quickly reap the benefits and the development of "specialized bamboo hills" can be promoted. Fourth, we must develop the comprehensive utilization of forestry and sideline products, take the road of overall development of planting, growing, processing and marketing and endeavor to upgrade the economic value of mountain and forestry products. Our province has abundant forest resources. At the same time, its timber requirements are high, the extent of the extravagant use of timber is also great, and every year timber cutting far exceeds timber growth rate. Hence, the comprehensive utilization of timber is all the more important. Facts have also shown that much can be accomplished by comprehensive utilization. A plant making boards from wood shavings in Longchuan County made use of tree tops, tree branches, wood shavings and tree bark to produce 8,000 cubic meters of wood-shaving boards every year. This achieves savings of some 20,000 cubic meters of timber. Besides the comprehensive utilization of timber, the hidden potential is also very great for the comprehensive utilization of bamboo and other forestry

and sideline products. Further processing work will enhance the value of these products. If this job is done well, then we not only can convert "wastes" to "treasures" but also enable the large number of skillful artisans in mountain areas to display their skills. Moreover, in so doing we can make and encourage the masses to treasure mountain and forest resources, to protect them, and to develop forestry production much more enthusiastically. As a matter of fact, in this regard we still have a "weak link," and more efforts must be made. Speaking from an even broader view, the opening up and construction of mountain areas should also include the tourist trade. Zhejiang Province has a host of scenic spots. Such tourist spots as Yandang Shan, Mogan Shan, Tianmu Shan, Putuo Shan, Fuchun River and Xinan River are known the world over. If we can link the construction of mountain areas with the protection of natural resources and development of the tourist trade, we can surely attract an even larger number of tourists.

IV. Correctly Understand and Handle the Relationship Between Unified Operation and Dispersed Operations; Arouse the Enthusiasm of the Collective and the Individual Commune Members

Communication is a difficult problem in the mountain areas. Houses are widely scattered and production conditions are backward. Developing construction there requires us to take two separate roads. One is to arouse the enthusiasm of the collectives and to display the superiority of unified management. The other is to arouse the enthusiasm of the individual commune members and display the good points of dispersed operations.

In Zhejiang Province, the great majority of mountain areas suitable for afforestation are owned by production brigades or production teams. Thus, with the exception of the self-retained hills of a small number of commune members, basically there is only one road to take, namely, that of unified operation by the collectives. Moreover, the production responsibility system in mountains and forests is not healthy. In some forests, there has been excessive felling of timber and little afforestation work has been done. In particular, there are over 30 million mu of barren mountains and hills that are sparsely forested. They have defied being "greened" for a long time. This is a problem which urgently requires a solution in the construction of mountain areas in our province.

Following several years of actual practice, people on all sides have acquired a comparatively fuller understanding of the production responsibility system in agriculture. But many cadres do not have any idea of how, taking into consideration the realities of mountain areas, to institute a production responsibility system there, and do not have a uniform understanding of the problem. Some cadres generalize that mountains and forests must be placed under unified management and operation. They neglect the importance of arousing the enthusiasm of commune members in diversified operations. Some comrades do not feel at all concerned about the sight of so many barren mountains, but when they hear that a portion of the mountains will be assigned to commune members to plant trees, they fear this and that. A large number of barren hills are in name under the management of and are

operated by the collectives. In fact, no operation has been going on, and the collectives are not capable of doing this work. On the other hand, much labor power cannot find an outlet and cannot find places to work. If such a situation persists, how will it be possible to make so many barren hills green? Which is better--to have, or not to have, trees on mountains? Certainly, having trees there is much preferable. If we can arouse the enthusiasm of both the collectives and the individual members to plant trees, this will create wealth for the state. Our objective and our direction should be toward all mountains being green, toward water in all rivers being clear and toward all mountain areas enjoying affluence. All policies and measures beneficial to arousing the masses' enthusiasm for afforestation should be correct policies and measures.

Judging from the experiences of certain localities in Zhejiang Province, taking the road to the development of forestry production cannot depend on a single "leg" in the form of the collectives alone, or on the "leg" of individual commune members alone. Rather, both "legs" must be used to step forward smoothly and quickly. Having understood this point, people can then formulate concrete plans. Measures suited to local conditions can be shaped and we can pursue diversified economic forms. In mountain areas which are forested, an entire forest can continue to be placed under the unified management of the forest departments of production brigades or communes, or of their specialized teams or specialized units. But the responsibility system of specialized contracting and linking remuneration to output must be instituted. In the case of small forests, we can adopt the responsibility system of assigning the household, laborer, or unit full responsibility for task completion and linking remuneration to output. Unified planning must be done for barren or sparsely wooded hills. Apart from assigning some of them as self-retained hills for commune members, any hills which the collective is capable of managing should be managed by the collective. If the collective is incapable of doing the management work, then decisive measures must be taken and the responsibility for management must be assigned to the commune members, either singly by household or jointly by several households. There should be no change in the rights of ownership, but the household or households doing the planting or afforestation work should do the managing. The yield from interplanting or intercropping may be retained by the household itself, but receipts from the commercial forest should be divided on a percentage basis. This should be a long-term arrangement and should not be readily changed. In our opinion, the adoption of this policy can yield good results and involves no risk. Once the enthusiasm of the vast masses has been aroused, there is hope for making the hills green. We must emancipate our minds, carefully weigh advantages and disadvantages, decide on opportune times and brook no procrastination.

In the last few years, we have done much work in the construction of mountain areas and have achieved certain results. However, in the economy of the entire province, forestry is still a weak link. The "tree-cover" rate of forests is still relatively low, much soil has been eroded into waterways while the poor ecological condition has not been much improved. The task of making Zhejiang green and of constructing the mountain areas of the province is still a difficult one. We are determined to continuously rectify our

ideological line. We will continue to conduct sufficient investigation and research so that we can understand better the realities of Zhejiang. Based on a general survey of the natural resources, we will do a good job of agricultural division and will mobilize the various counties, municipalities, communes and production brigades to formulate plans for construction of mountain areas. We will, in a down-to-earth way, endeavor to solve the problems confronting construction of mountain areas. In working in Zhejiang Province, we must keep in mind the welfare of the people of the province. We must do good deeds for them. We will do our utmost to quickly make the great earth green in Zhejiang. We will make the mountain areas of the province more beautiful and wealthy and make the necessary contributions to the socialist construction of the motherland.

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HOW TO VIEW THE CHANGES IN PEOPLE'S LIVELIHOOD OVER THE PAST 3 YEARS

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 25-28

[Article by Li Chengrui [2621 2052 3843] and Zhang Zhongji [4545 6945 1015]]

[Text] Since the convening of the 3d Plenary Session of the 11th CCP Central Committee, the party and the government have, under the situation in which our state finances are still faced with many difficulties, taken various measures to improve the people's standard of living. The broad masses of people are deeply conscious of and grateful for these measures. But some people have raised some questions in this respect. For example, how much has the people's livelihood been improved over the past 3 years? Have increases in prices accorded with increases in wages? Are we doing too much or too little in improving people's livelihood? This article is intended, through facts and figures, to explain and probe into these questions.

People's Livelihood Has Been Considerably Improved Since the 3d Plenary Session of the 11th CCP Central Committee

For a long time in the past, because of the "leftist" mistakes and particularly because of the interference and sabotage by Lin Biao and the "gang of four" during the 10 turbulent years, our national economy was seriously out of balance and no appropriate measures were taken to improve the people's livelihood. Following the downfall of the "gang of four" and particularly since the convening of the 3d Plenary Session of the 11th CCP Central Committee, the party and government has taken measures to restore order.

"Leftist" mistakes have been corrected; the proportionate relations between agriculture, light industry and heavy industry and various economic policies have been readjusted; and agricultural production and the production of consumer goods have been developed in a big way. At the same time, the excessively high accumulation rate has been lowered. With regard to the use of national revenue, the proportion of accumulation has lowered from 36.5 percent in 1978 to less than 30 percent in 1981 while the proportion for consumption was increased from over 63.5 percent to over 70 percent. Of the amount of capital construction investment in the units owned by the whole people, the amount of the investments in production construction dropped from 82.6 percent in 1978 to 58.9 percent in 1981. The investment in non-production construction such as that for housing, education, health and scientific research, and public utility undertakings increased from 17.4 to

41.1 percent. Over the past 3 years, the improvement in the people's material and cultural life is shown in the following:

First, peasants' incomes have increased drastically. An investigation made of the incomes of more than 18,000 households of commune members in 536 prefectures showed that the average per capita annual net income was estimated at more than 220 yuan, 80 yuan more than the 134 yuan in 1978, giving an annual increase of over 18 percent for 3 years. Over the past 2 to 3 years, great changes have taken place in both agricultural production and the livelihood of the commune members in some poor regions that were characterized by "relying on resold grain for food, on loans in production and on relief goods in livelihood." Of the total investigated peasant households across the country, the proportion of households with difficulties and with average per capita income of less than 100 yuan has dropped from 33 percent in 1978 to less than 10 percent in 1981.

The increases in the income of peasants is due on the one hand as a result of the implementation of the party's policies for rural areas and the introduction of various forms of the production responsibility system and the development of diversified economic management, and this brought about increases in both production and income. On the other hand, the state has increased the purchase prices of agricultural and sideline products and decreased some taxes in rural areas, and all these have also been helpful in increasing peasants' income. During the 3 years between 1979 and 1981, the peasants across the country gained a total additional income of more than 50 billion yuan because of the increases in the purchase prices of agricultural and sideline products and decreases in taxes.

Second, the income of workers and staff have increased. According to an investigation of the income of the more than 8,700 workers and staff households in urban areas in 46 municipalities across the country, the average per capita monthly amount of income that was used for living expenses in 1981 was 38.6 yuan, 46.8 percent higher than the 26.3 yuan in 1978. When this figure is reduced by the rate of increase in the cost of living of workers and staff, the actual increase in income would be 30.8 percent. As the families of workers and staff have more income, the proportion of households with an average monthly income to be used for living expenses of 20-25 yuan has dropped to 5.4 percent of the total households. The proportion of those with less than 20 yuan has dropped to 2.1 percent.

Over the past 3 years, the party has worked out and implemented various policies and measures to increase production and improve the standard of living of workers and staff. These include opening up more channels for employment. During these 3 years, more than 26 million people awaiting jobs have been employed. The majority of the great number of such people who accumulated over many years have been given jobs. With the expansion in employment, the average number of people (including the workers and staff themselves) that are supported by each worker or staff member dropped from 2.06 in 1978 to 1.77 in 1981. This means that the families of workers and staff have a lighter economic burden, their income has increased, and consequently this situation has promoted social stability and unity. Second,

the wages of some of the workers and staff members have been readjusted and the bonus system has been introduced. The total wages paid by the units under the ownership of the whole people across the country and the units under collective ownership in cities and towns in 1981 came to 82 billion yuan, 25.1 billion yuan more than in 1978, with an average annual increase of 8.37 billion yuan. The average wages of workers and staff in 1981 were 772 yuan, 25.7 percent higher than the 614 yuan in 1978 and after deducting the cost of living increase, the actual wage increase was 11.9 percent. Third, the treatment of the cadres and workers and staff who have retired has been improved, and subsidies for family planning, having a single daughter or son, traveling expenses in visiting parents, traveling expenses in going to and returning from work, and haircut subsidies have been increased. All these mean an increase in the family income of workers and staff. The total expenditure on the welfare of the workers and staff of the units under the ownership of the whole people were 6.7 billion yuan in 1978 and 11.6 billion yuan in 1980. It further increased in 1981.

Third, the consumption by the urban and rural population has increased. Over the past 3 years, agricultural and sideline production and the production of daily consumer goods have increased, and consequently there are a greater quantity and more varieties of consumer goods on the market. The total retail sale volume of social commodities in 1981 was 235 billion yuan, 50.7 percent higher than the 155.9 billion yuan in 1978 (with a deduction for the increase in retail prices, the actual increase rate was 36.2 percent). The volume of major food, clothing and daily-use commodities has also increased. The per capita grain consumption in the whole of 1981 was 12 percent higher than in 1978, the consumption of edible vegetable oil increased by 87 percent, that of pork increased by 44 percent and that of cloth increased by 28 percent (the consumption of grain, edible oil, meat and cloth includes direct consumption by the population, the volume processed by catering, foodstuff and tailoring industries and publicly used cloth). The number of sewing machines owned by every 100 persons increased from 3.5 to 5.5, bicycles from 7.7 to 11.1, watches from 8.5 to 15.7 and radios from 7.8 to 14.9. Some families already have the "four big pieces" and they are now adding several "new big pieces." An investigation made of family incomes and expenditure of the workers and staff in urban areas showed that by the end of 1981, every 100 families on the average owned 58 television sets, 43 electric fans, 6.3 washing machines, 13 tape recorders, 4.3 cameras, 44 sofas and 86 big wardrobes.

Now, the consumer products the urban and rural population eat, water and use have not only increased in volume but also in quality. An investigation of the income and expenditure of commune members showed that the average per capita annual consumption of flour and rice in 1980 was 326 jin as against 245 jin in 1978, while the figure for coarse food grains dropped from 251 jin to 188 jin (calculated on the basis of unprocessed food grains). The consumption of quality commodities such as woolen fabrics, silks and satins, knitting wool and woolen sweaters in 1980 more than doubled the figure in 1978. With regard to clothing, in the past people were mainly interested in buying cheap and yet durable clothes, but now they have turned to mainly buying good quality, new style and medium- and high-priced clothing.

Fourth, housing conditions have been improved. Over the past 3 years, the state invested 29 billion yuan in housing; the floorspace of completed new housing facilities was 223 million square meters, an average of more than 74 million square meters every year and 3 times higher than the average annual figure of 18 million-plus square meters during the 10 years of the "Great Cultural Revolution." An investigation of the income and expenditure of the families of workers and staff in cities showed that the average living space of the members of such families increased considerably from 4.4 square meters in 1979 to 5.27 square meters in 1981. A "fever of house building" has emerged in rural areas. Having enough to eat and wear, many peasants have been developing their living conditions in a big way. Expenditure in building houses made up 3.2 percent of the total consumption expenditure in 1978 and jumped to 10.3 percent in 1981. The total floorspace of houses built by peasants themselves over the last 3 years was 1.4 billion square meters. Now the average living space in rural areas is about 10 square meters.

Fifth, the saving deposits of the urban and rural population have increased. The total savings deposits of the urban and rural population by the end of 1981 were more than 52.37 billion yuan, 31.31 billion yuan more than those in 1978 and an increase of 1.5 times. The savings deposits of the urban population were 35.41 billion yuan, an increase of 1.3 times, while the savings deposits of the rural population were 16.96 billion yuan, double that of 1978. The increase in the deposits not only represent increases in the income of the population but also show that the people are fully confident in the development of our economy.

The state has also strengthened the building of a commercial network and public utility facilities in urban areas so as to gradually relax such contradictions as the difficulties of finding a restaurant, buying vegetables, getting repairs done and riding on a bus. Health and education undertakings have also been restored and developed. The number of hospital beds and doctors at the end of 1981 was respectively 8.3 percent and 13.9 percent higher than in 1978; the number of college students was 1.28 million, an increase of 49.5 percent over the figure in 1978 and 33 percent more than 1960 which witnessed the biggest number of the students prior to the "Great Cultural Revolution." Polytechnic schools, broadcasting television universities, and spare-time industrial and agricultural education are developed vigorously. People's cultural life has become more active, the circulation of newspapers, magazines and other publications has increased drastically and broadcasting undertaking has also developed rapidly.

But we must understand that although the standard of living of our people has been improved considerably, it is not high enough and is unbalanced. At present, there are still a few peasants whose food problems have yet to be completely resolved and some workers and staff families are still living a fairly hard life. It is still common for the houses of workers and staff to be too crowded and the development of public utility facilities and scientific, cultural, education and health undertakings does not accord with objective needs. All these have to be gradually resolved along with the development of the economy.

The Growth in the Income of Workers and Staff Was Faster Than the Increase in Prices

Some comrades have said that although the income of workers and staff have been increased over the past few years, the increases have been offset by increases in prices. We have to concretely analyze the increases in prices. Generally speaking, it is true that market prices have increased over the past few years, but the prices of some industrial products were increased while the price of some other industrial products were decreased. For example, the prices of cigarettes, wines, furniture, bambooware and woollen fabrics were increased, but the prices of polyester and cotton fabrics, tape recorders, television sets, electric fans, wristwatches, refrigerators and Western medicines were decreased. The prices of state-rationed basic daily necessity goods such as grain and edible oil remained stable. What the masses have complained much about is the increases in the prices of vegetables and nonstaple foodstuffs. In addition, the nonstaple foodstuffs with state-fixed prices have been in short supply and consequently the commodities with negotiated prices and those available in free markets have increased in quantity. Therefore, compared with 1978, the price index (the average listed price, the negotiated price and the price on the free market) in 1981 was 32.1 percent higher. At the same time, some of the commodities which had their prices lowered are not often bought while those which had their prices increased are daily necessity nonstaple foodstuffs such as vegetables. As a result, the masses are more aware of the increases of prices. But nonstaple foodstuffs only make up less than 25 percent of the total retail volume of consumer goods. The staff and workers have other expenses for food, clothing, daily-use goods, haircutting, bathing and other services. Taken as a whole, in 1981 the price index in the living expenses of the workers and staff in 1981 was 12.3 percent higher than in 1978, and during the same period the average income which could be used for living expenses of the families of workers and staff increased by 46.8 percent. With a deduction of increases in cost of living, the actual income increased by 30.7 percent (if the calculation is based on the average wages of workers and staff, the actual income after deductions for price increases is an increase of 11.9 percent). Therefore, it can be seen that the growth in income which could be used for living expenses of workers and staff was faster than the price increases. Because the management of prices is not strict and some unhealthy tendencies in business ideology still exist in some enterprises, consequently there also exist such phenomenon as marketing low-quality commodities as high-quality commodities, giving short weights, actually increasing prices and changing costs at will. All these have increased the economic burden on the masses. However, it must be confirmed that the standard of living of workers and staff has been improved over the past 3 years. Otherwise, how can we explain the increases in the actual consumption of the families of workers and staff and their savings deposits? Some workers said that over the past few years they have earned more money and that although prices have increased, they found, after meticulous calculations, that their actual standard of living has improved. Such a situation is in line with the actual situations of the majority of workers and staff. A few workers and staff still have not had their wages increased for a long period of time and they have received little or no bonuses.

Therefore, with price increases, there has been little improvement or even a drop in their actual standard of living. Measures must be taken to give special consideration to these workers and staff.

Improvement of People's Livelihood Must Be Based on the Development of Production and Labor Productivity

Some comrades acknowledge the improvement in people's livelihood, but they demand that the improvement must be stepped up. Such a desire is understandable. But the pace of such improvement does not rest with our subjective desire. On the contrary, it rests with the possibility of objective conditions. This is because the pace in the improvement of people's livelihood must in no way exceed the growth in social labor productivity; otherwise our country will not be able to realize the great goal of modernization. In the final analysis, people's livelihood can in no way be improved excessively. Over the past 3 years, almost all of the growth of our state revenues has been used in increasing consumption funds. The growth of the income of commune members and workers and staff has exceeded the growth of the national revenue and industrial and agricultural production. It is necessary to do this because historically the people's livelihood had not been improved for quite a long period in the past. Such improvement has played a positive role in promoting social stability and unity, mobilizing the initiative of the masses in production, and in stepping up the revival and development of economy. But as we have made excessively large steps forward, there have emerged some problems that merit our attention.

First, the subsidies for price increases have become a heavy burden for state finances. In order to stabilize market selling prices and lighten the economic burden of the broad masses of people, the state has over the past few years resorted to financial subsidies for some basic daily necessity goods and for the means of agricultural production. Such a measure is absolutely necessary. Because of incomplete planning and because some places purchase agricultural and sideline products at lower prices, the situation of negotiated and increased prices has developed and consequently price subsidies provided from state finances have drastically increased. In 1981, price subsidies were as high as 32 billion yuan, more than 30 percent of the financial expenditure during the year.

Second, the growth of social purchasing power has exceeded the growth of commodity resources. The amount of currency issued in 1979 and 1980 increased by more than 20 percent each year. After efforts were made, the figure dropped to 14 percent last year, but it was still higher than the growth of the retail volume of social commodities and the total volume of the stock of commodities on hand.

Third, the growth of bonuses exceeded the growth of production by a big margin. The bonuses offered by the units under the ownership by the whole people and the units of collective ownership in cities and towns increased successively over the past 3 years. In 1979, bonuses were 4.6 billion yuan, but in 1981 they drastically increased to 7.8 billion yuan and this figure excluded the material and cash that were given to workers and staff in the

name of bonuses. Over the past 3 years, gross industrial output value increased by 23 percent while the labor productivity of industrial workers and staff grew by 6.6 percent. But the bonuses for workers and staff increased by a staggering 6 times.

If these situations continue to develop in this way, the financial deficit will no doubt increase, market demand and supply will become unbalanced and prices will be unstable. As a result, the benefits that have been enjoyed by the urban and rural population will certainly be affected. Thus the steps taken to improve people's livelihood cannot be too big.

Comrade Chen Yun recently pointed out that people's livelihood must be improved. He said the people must not eat too poorly or eat too well. To eat is first and to construct is second. But if we eat everything, there will be no hope for our country. It is only when we have a surplus for carrying out production and construction after meeting the food needs that our country has hope. Thus, in simple words, Comrade Chen Yun profoundly expounded the dialectical relations between people's livelihood and state construction which promote and condition each other.

In the final analysis, the purpose of socialist production is to constantly meet the needs in people's material and cultural life. But the improvement of people's livelihood must be based on the development of production and the improvement of labor productivity. Now our national economy is being readjusted and our state finances are facing many difficulties. Therefore, the broad masses of people must put the interest of the state in first place, contribute their efforts to the country, strengthen their socialist initiative and the sense of responsibility as the masters of their own country, display the good tradition of hard work, and improve labor productivity and economic results so as to increase our state's financial revenues. By doing so, we will be able to form a reliable materialistic foundation for the improvement of the people's livelihood.

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LETTER FROM COMRADE SONG SHILUN

Beijing RED FLAG in Chinese No 8, 16 Apr 82 p 28

[Text] In my article "Mao Zedong's Military Thinking Is Our Army's Guide to Victory" (published in issue No 16, 1981, of RED FLAG), owing to a mistake in my data, I mistakenly put down July 1941 as the date when Comrade Luo Ronghuan put forth in an article the term "Mao Zedong Thought," when it should have been July 1944. Please correct this error and accept my apologies.

Song Shilun

1 April 1982

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VIGOROUSLY STUDY ECONOMIC THEORY

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 29-30

[Short commentary]

[Text] Vast numbers of cadres in the state have been studying economic theory in a general way since last February. To sum up, the result of their study has been relatively good. Through study they have initially grasped some basic Marxist political and economic principles; they have gained a better understanding of the experiences and lessons of economic construction since the founding of the republic; they have cleared up the influence of the "leftist" ideology; they have gained a deeper understanding of the party's line, guiding principles and policies adopted since the third plenary session; they have strengthened their confidence in achieving our socialist modernizations; and, on this basis, they have also paid close attention to relating the realities of our four modernizations, studied new conditions and resolved new problems. However, their progress is very imbalanced. They are only interested in studying practicable policies to which the party committee has attached great importance and over which it has exercised good leadership. They have made great progress and scored good results in studying these policies. But they are inactive when it comes to studying the policies to which the party committee has paid little attention. They make slow progress and score relatively poor results in studying such policies. Although some localities and units have made preparations for the study of theory, they do not have a sound system of examination and supervision. The tutorials they provide cannot keep pace with the progress of study, and thus the study period becomes a mere formality. Some localities and units have a poor study plan. They only study vigorously current policies. They ignore and slacken their study of economic theory. A small number of units have not even organized any study of theory. It is necessary for cadres at all levels and leading departments to examine the situation of the study of theory, tackle existing problems, adopt effective policies, urge cadres who are required to participate in the study of theory to finish studying the books listed for them as scheduled and to make real improvement.

Straightening out our understanding is the key to the vigorous study of the theory. First of all, the leading cadres should be far-sighted. They should be fully aware that cadre education in theory plays an important role in the

construction of the cadre ranks. The enhancement of cadres' theoretical level has a decisive effect on the mental outlook of cadres, their ability to comprehend, their understanding of policies, and the quality and quantity of their work. Nowadays, the party has shifted its emphasis to economic construction. If we are not armed with Marxist economic theories and if we do not understand the objective law of socialist economic construction, it is obvious that we cannot do our own job well and score good results in the four modernizations. Cadres' failure to analyze correctly the situation and to understand and carry out the party's line, guiding principles and policies can often be explained by their lack of economic theory and knowledge. Cadres at all levels should, therefore, handle cadres' study of theory with a strategic view and take up the work with an attitude of being highly responsible to the revolution. They should also set a good example and take the lead in studying theory well.

Cadres at all levels should also adopt an effective policy on organization and establish and perfect the system of study so as to ensure the completion of the study plan. It is true that current tasks and missions are very intense. However, they should not hamper the organization of cadres' study of theory. In order to resolve the contradiction between work and study, some localities and units have adopted a method of "small concentration" to ensure a period of study and to speed up training in rotation. This method should be advocated as it can bring forth better results. Localities which do not possess such conditions should make appropriate arrangements to ensure a period of study. The study of current policies is very important and should be vigorously carried out. However, it cannot replace the study of theory. We should start the organization of study well and complete it well. We should not do it perfunctorily. We advocate that examination and assessment should be carried out when the study period ends.

The policy of relating theory and practice should be continuously put into effect to improve the quality and quantity of study. The books listed for study should be related to Comrade Mao Zedong's theory of socialist construction expounded in the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" and the fundamentals of our socialist modernizations, to the study of the 10 policies on socialist construction made by Comrade Zhao Ziyang in the government work report at the 4th Session of the 5th NPC, and to the speeches on current economic work made at the national conference on industry and communications on 4 March this year. At the same time, attention should also be paid to relating the practical problems in economic construction and cadres' practical ideological problems in study to improving our understanding and work and to resolving various new problems encountered in economic development. Since quite a few cadres do not have a basic understanding of politics and economics, their comprehension of the content of the study is affected. It is necessary to give them some basic knowledge and more guidance in study, so that they can keep pace with the progress of study.

It is entirely possible to speed up the progress of the study of economic theory to improve the quality and quantity of the study, to complete the study quantitatively and qualitatively as scheduled, and to create good conditions for the study of philosophy which will come next if cadres at all levels have a clear understanding of cadres' study of theory and have an effective policy.

TAKING PLANNED ECONOMY AS THE DOMINANT FACTOR AND REGULATION BY MARKET MECHANISM AS A SUPPLEMENT

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 30-33

[Article by Xue Muqiao [5641 2550 2890]]

[Text] On 25 January of this year, Comrade Chen Yun invited the leading comrades of the State Planning Commission to discuss the question of ensuring that the planned economy plays the major role and regulation by market mechanism the supplementary role. Comrade Chen Yun pointed out: "Industry must use planned economy as the major factor; agriculture is no exception to this. Even after the production responsibility system has been introduced, the planned economy should still prevail." Adhering to taking planned economy as the dominant factor and regulation by market mechanism as a supplement is a major principle in developing the national economy. The broad masses of cadres should firmly maintain this viewpoint.

In recent years, in studying the reform of the national economic management system, we have expressed in many ways the relationship between planned economy and regulation by market mechanism. After testing them in practice, many comrades say that some of these ways are not precise and are apt to be misunderstood. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," adopted by the 6th Plenary Session of the 11th CCP Central Committee, pointed out: "It is necessary to practice planned economy and at the same time give play to the supplementary, regulatory role of market mechanism on the basis of public ownership." Last year, Comrade Zhao Ziyang further expounded on the relationship between planned economy and market mechanism in his report entitled "The Present Economic Situation and the Principles for Future Economic Construction" delivered at the 4th Session of the 5th NPC. His exposition completely coincided with the resolution and the spirit of Comrade Chen Yun's speech.

The socialist economy is a planned economy. In economic activities, vital aspects related to the overall national economy, such as the scale of capital construction, the level of people's livelihood, the ratio between accumulation and consumption, and the major proportions of different departments in the national economy, should be strictly controlled by state planning. In order to maintain proper ratios between different departments, the arrangement of all major construction projects and the production and

distribution of important products (especially those in short supply) must be subject to state plans. The production and operation of key enterprises should also be conducted in line with state plans. Planning is essential to industry as well as to agriculture. Industry and agriculture are interdependent. If planning is only extended to industry but not to agriculture, the national economy cannot develop proportionately. Meanwhile, it is also necessary to regulate our economy by market mechanism under the guidance of state planning because of the following facts: The development of productive forces in China is still at a low level and there is uneven development in different areas; in respect of economic forms, ownership by the whole people, which takes a leading position in the national economy, coexists with the collective economy, which covers a fairly wide sphere, and individual economy, which covers a smaller sphere (if peasants' household sideline undertakings are included, individual economy then covers quite a large sphere). Most industrial and agricultural products have to be exchanged through markets. The big commodities with limited varieties but great output value, which are vital to the national economy and people's livelihood, need to be produced in line with state plans, while the small commodities with small output value but tremendous varieties, which cannot be completely covered by state plans, can be produced freely according to market demands within the specified limits allowed by state plans.

Planned management requires both administrative and economic measures. Market mechanism can spontaneously regulate the economy according to objective economic laws, but the necessary administrative management cannot be abandoned. In the past, we mainly resorted to administrative measures and to the issuing of mandatory plans in our planned management. Industrial branches arranged production and commercial branches handled purchasing and sales in line with these plans. As a result of the nonconformity between production and market demands, some products were overproduced and others were in short supply, thus leading to serious waste. Therefore, even in implementing mandatory plans, economic measures must be adopted at the same time. That is, we should give thorough consideration to and make use of the law of value and lay down and adjust planned prices for products in the light of their value and market conditions. In order to give full play to economic measures, it can be considered that, after readjustment is largely completed and the balance between supply and demand is attained, although key products with limited varieties which are vital to the national economy will still require mandatory planning, we will not need to issue mandatory plans for the production and marketing of daily-use goods, but can switch over to guiding plans. This method means that the targets of production and marketing set by the state are only references for the production and marketing departments concerned. Commercial departments can purchase goods from industrial departments in line with both planned targets and market demands, while industrial departments can organize production in line with orders placed by commercial departments and market demands. When planned management is conducted in this way, it can reflect market demands better. So long as the major proportion of the products are unifiedly purchased and sold by state-owned commercial departments in accordance with planned prices set by the state, the economy is still being governed by planned management and not by regulation by market mechanism. Only free production

within the limits allowed by the state, and those commodity prices which are not unifiedly fixed by the state but float freely according to market conditions, belong to the realm of market mechanism.

After guiding plans for reference are issued, their fulfillment should be guaranteed mainly by economic means and not by administrative means. We should lay down a proper pricing policy, under which the balance between supply of and demand for common products can be guaranteed largely by prices. For some products, this balance cannot be regulated completely by prices; in these cases, we can consider obtaining help from tax rates. For example, high tax rates should be imposed on cigarettes and alcoholic beverages because their consumption needs to be limited, while low tax rates can be imposed on people's daily necessities which can sometimes be exempt from taxes. The prices of a few items (such as grains) can be subsidized if necessary. Regulation sometimes can be carried out through bank loans. If the state needs to develop certain trades, more loans with lower interest rates can be offered to them. But for those trades which the state needs to limit, few or no loans should be made. Also loans can be made at high interest rates, so as to accelerate normal circulation of all sorts of products and diminish overstocking and waste. Mastering the method of applying economic levers, gradually reducing mandatory plans and replacing them with guiding plans for reference, is an important part of the future reforms of our planning system. At present, owing to the irrationality in system, structure and prices, it is difficult to adopt guiding plans, and so it is still necessary to intensify planned guidance and administrative intervention. Of course, even if we learn how to apply economic levers, mandatory plans cannot be completely abandoned. The investment in capital construction of some major projects, the production and distribution of a small number of important materials closely related to the national economy and people's livelihood, especially those in short supply (such as grains and energy sources), all need to be subject to mandatory plans for a long time in the future.

Besides mandatory plans and guiding plans for reference, planned management needs to be carried out in other diversified ways. For example, mandatory plans and guiding plans for reference can be adopted simultaneously; cooperative plans between different areas, trades and enterprises can be implemented. For steel and cotton cloth, the gross volume of production and marketing must be subject to mandatory plans. But the varieties, specifications and assortments, numbering in the tens of thousands, cannot all be set down in state plans and can only be specified through contracts. Some products in short supply must be unifiedly distributed by the state. But, after fulfilling state plans, a small quantity of them may be retained to allow the producing areas to cooperate with areas needing these products. Thus the producing areas can exchange these products for those which it is short of and which even the state is not able to supply. In recent years, coastal cities and industrial areas have invested in inland areas, jointly explored natural resources in inland areas, and assisted technical innovation of industry in inland areas. All this has achieved marked results. Unified plans of the central authorities pursued from above should be supplemented with cooperation plans between areas implemented from below. When

working out cooperation plans from below, the fulfillment of product-transfer assignments laid down by the state must first be guaranteed. Cooperation plans between areas should be coordinated on a nationwide scale, thus making these plans a part of the state plan and properly maintaining an overall balance. Without an overall balance, a planned economy cannot exist. Although there is more flexibility in the above-mentioned planned management methods, they still cannot be considered regulation by market mechanism. This is because the cooperation between different areas or state-owned economic departments must be included in departmental or area plans, and is thus coordinated by the central planning department.

Owing to the extent of collective ownership in rural areas, planned management in these areas needs to take more complex forms. In the past, key agricultural products were subject to planned management mainly through pricing policies, thus falling under the scope of guiding plans for reference. When many key agricultural products were in short supply, besides utilizing pricing policies, we also adopted measures of requisition by purchase (for grains), monopoly purchase by the state (for cotton) and quota-assigned purchase by the state (for pigs and eggs) in order to guarantee fulfillment of the purchasing targets for these products. This can be regarded as a kind of planned management with mandatory assignments, adding administrative measures to economic measures. This method can be changed only when a balance between supply and demand is attained or when supply exceeds demand. As long as prices are set by the state, there is planned pricing and most products are unifiedly purchased by organs designated by the state, the adoption of pricing policies in seeking a balance between supply and demand still falls within the scope of planned management. Only the third category of agricultural and sideline products, for which the state does not fix prices, and those products that the state allows to be sold in country fairs or on urban agricultural and sideline product markets, are subject to regulation by market mechanism. State-owned commercial departments purchase agricultural and sideline products from peasants at negotiated prices. This is a necessary supplement to planned purchasing at the present stage. However, the scope of purchasing at negotiated prices must be strictly controlled, lest it adversely affects state purchasing plans.

In line with the above distinction, the production and exchange of most products in our country are subject to planned management; regulation by market mechanism only plays a supplementary role. However, from the viewpoint of varieties of products, there are many more products subject to regulation by market mechanism than there are products subject to planned management. Although the output value of the former is not large, they are still necessary for the people. Thus, regulation by market mechanism is a necessary complement to planned management. At the same time, it should be pointed out that we must apply the law of value when pursuing planned management. All consumer goods in our country are exchanged through markets and are freely bought by consumers according to their own choices. A considerable proportion of the means of production is also exchanged through markets. Thus economic personnel (including planning personnel) must regularly make market surveys and familiarize themselves with the laws operating

in the market. In recent years, the reason we stressed the role of market mechanism in reforming the economic management system was that our economic personnel paid too little attention to market conditions and studying economic laws. It is wrong to juxtapose market mechanism and planning regulation without realizing that the latter is the main body. It is also wrong to think that planned management can be conducted without studying the role of regulation by market mechanism, or even to regard utilization of the role of market mechanism as a kind of capitalist liberalization. In order to eliminate the existing phenomenon in which production is separated from marketing, we must continue to thoroughly study market activities and forecast market trends, and promptly revise plans for production and purchasing. Upon discovering the nonconformity of production with demand, we must adjust planned prices. Over the last few years, in the reform of the economic management system, we have gradually implemented the following measures with regard to circulation:

First, the system of monopoly purchase and marketing by the state of many daily-use goods has been changed. Apart from grain, cotton and other vital consumer goods, and petroleum, coal, timber and other important means of production, common commodities can be subject to purchasing plans laid down by commercial departments according to market demands, to the production plans worked out by manufacturers in the light of market demands and to the purchasing plans of commercial departments. Factories without sufficient production assignments can change their products themselves and look for markets. Within limits set by the state, manufacturers can deal directly with retail shops in many items of daily-use goods which the state allows to be marketed in local areas. These transactions need not be handled through wholesale companies. Some commodities can be sold in stores set up by the manufacturers themselves. Commercial departments can purchase many daily-use goods. They can refuse to purchase products not readily marketable. Manufacturers can market products not purchased by commercial departments. Since monopoly purchase and marketing of daily-use goods by the state have been changed into selective purchase and self-marketing, the problems of having many products overstocked or out of stock for a long time have initially been solved, thus reducing waste.

Second, we have increased circulation channels and reduced circulation links. In the past, urban commerce was monopolized by state-owned commercial departments, rural commerce was monopolized by supply and marketing cooperatives, and import and export trade was monopolized by the state foreign trade departments. Thus, the market was excessively controlled and the national economy was hindered from growing healthily. At present, while the commercial departments continue to play a leading role in the market, manufacturers have been allowed to directly market some industrial goods. Some special companies set up by the industrial departments have also been allowed to directly market products (such as machinery and electrical appliances). Communes, production teams and peasants are allowed to sell their products, within the limits set by the state, in urban agricultural and sideline product markets. The state also allows some areas and factories to handle import and export under the unified leadership of the foreign trade departments, or to handle import and export jointly with special foreign trade companies. This

reform has played an important role in promoting product exchange between urban and rural areas and between China and other countries. Of course, when we give play to market mechanism, it is difficult to avoid some illegal activities, such as speculation, smuggling and evading taxes. Therefore, the state has to intensify market management at the same time.

The correct handling of the relationship between planned economy and regulation by market mechanism is one of the important links in our reform of the system. We have appropriately expanded the scope of regulation by market mechanism and paid attention to utilizing economic levers in our planned management. Experience over the last 3 years has proved that these reforms have achieved marked results. In order to bring the positive roles of these reforms into play and to prevent negative roles, we must intensify planned management, properly utilize economic measures, use economic levers to handle the economy, step up economic legislation, and strengthen supervision and inspection by customs and industrial and commercial administrative bureaus. Just as the rule of law must be instituted in the practice of democracy, market control must be strengthened in the practice of market regulation. Failure to implement regulation by market mechanism or loosening market control are equally unfavorable to the development of the socialist economy.

CSO: 4004/34

IS THERE ANY CONTRADICTION BETWEEN THE APPROPRIATE RESTORATION AND DEVELOPMENT OF THE INDIVIDUAL ECONOMY AND THE PAST PRACTICE OF TRANSFORMING IT?

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 33-34

[Article by He Jiangzhang [0149 1696 4545]]

[Text] The individual economy in cities and towns has been restored and has developed considerably over the past few years; the number of people employed jumped from 150,000 in 1978 to more than 1 million by the end of 1981. This change has caused some comrades to harbor a doubt: Does this situation not mean that the socialist transformation of the individual economy in the past was wrong? This is a question that must be clarified.

First of all, it must be affirmed that big achievements have been made in carrying out socialist transformation of capitalist industry and commerce. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" points out that "it is a great historic victory." In 1952, the output value of state-owned industry accounted for 41.5 percent of the gross national output value, that of state-private joint industry for 4 percent, that of cooperative industry for 3.3 percent, that of capitalist industry for 30.6 percent and that of individual handicraft industry for 20.6 percent. State commerce accounted for 16.2 percent of the total retail volume of social commodities, state-private joint commerce for 0.4 percent, cooperative commerce for 18.2 percent, private commerce for 60.9 percent and peasants retail for 4.3 percent. That means that industry at that time, particularly the commercial sector, was under the dominance of the capitalist economy and the individual economy and that the question of "which will win" as between socialism and capitalism had yet to be answered. In order to overcome capitalism, it was imperative to carry out socialist transformation of the capitalist economy and individual economy, and there was an objective need for developing social productive forces. By that time, the capitalist relations of production were not in line with big economic construction, and it was difficult for the individual economy to develop because it was scattered, backward and lacked funds. Individual commerce and industry were almost at a standstill prior to socialist transformation. Between 1952 and 1955, the output value of individual handicraft industry dropped from 20.6 percent to 14.8 percent of the total industrial output value. Following gradual socialist transformation, the handicraft industry made rapid progress in production because of concentrated strength, division of work and more

funds. For example, between 1953 and 1957, the labor productivity of the staff and workers of the handicraft cooperatives in Beijing Municipality grew an average of 16.3 percent annually. What is more important, the socialist transformation of individual industry and commerce helped get rid of the soil that bred capitalism, and it consolidated the position of socialism and answered the question of "which will win."

But at the same time some mistakes occurred in the process of socialist transformation. After the summer of 1955, the transformation of agricultural cooperatives, handicraft industry and individual commerce was done too hastily, roughly and dogmatically and, as a result, this work left a legacy of some problems that existed for quite a long period. What was the reason for these problems? Comrade Chen Yun pointed out at that time that, in the process of cooperativizing the handicraft industry, there was too much merging and there was unified calculation of profits. Consequently, the quality and varieties of some handicraft products dropped as compared with what they were in the period when everyone was managing his own business. Following merging, some handicraft units in the service sector were greatly inconvenienced, and so were residents. It was in this situation that Comrade Chen Yun proposed that "the production of a considerable part of industrial products, handicraft products and agricultural sideline products and commerce must be carried out dispersedly and with dispersed management"; "small businessmen and peddlers must manage their own businesses within the framework of cooperative groups, and this situation must be maintained for a long period of time." ("New Questions Following the Basic Completion of Socialist Transformation") He also said: "The situation of our socialist economy should be like this: With regard to industry and commerce, the state and collective management are primary but industry and commerce are supplemented by certain types of individual operations." (ibid.) It can be seen that the method that is used today for appropriately restoring and developing the individual economy was suggested by Comrade Chen Yun more than 2 decades ago. At that time, he suggested some measures to solve the partial shortcomings and mistakes under the premise of fully affirming the great and decisive victory of our socialist transformation. Today we are merely implementing these measures, and we are not denying the necessity and correctness of socialist transformation. By so doing we will be able to make the structure of all ownership at the present stage accord with our national conditions so that this structure will become more beneficial to activating the economy and to promoting the healthy development of our socialist construction.

Today we are appropriately restoring and developing the individual economy, but this does not mean that we are restoring it to the situation prior to socialist transformation. The range of the individual economy at the present stage is limited, while in the past it covered everything. Furthermore, after socialist transformation was basically completed, and particularly under today's circumstances in which the economy under the system of socialist public ownership predominates, the individual economy is no longer at a crossroads; it depends on and is a necessary complement to the socialist economy. We can resort to economic and administrative ways to bring the

individual economy onto the path of serving socialist construction. Of course, the individual economy has its spontaneity and blindness and it might be contradictory to the planned development of the national economy. Therefore, in order to avoid passivity, it is necessary to strengthen control over the individual economy.

CSO: 4004/34

HOW DO WE UNDERSTAND THE COEXISTENCE OF DIVERSIFIED ECONOMIC FORMS AT THE PRESENT STAGE IN OUR COUNTRY?

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 34-35

[Article by Wu Shuqing [0702 2885 7230]]

[Text] Since the 3d Plenary Session of the 11th CCP Central Committee and following the readjustment and transformation of the national economy, there have existed diversified economic forms in our country. Some comrades do not have a good understanding of this situation, and they even wonder whether the past socialist transformation might have been wrong and that we are retrogressing. In order to eliminate such doubts, it is imperative for us to compare the existence of diversified economic forms at the present stage with the existence of diversified economic forms prior to socialist transformation and analyze them.

First of all, there existed three basic economic sectors prior to the completion of socialist transformation. They were the socialist state economy, the individual economy of peasants and handicraftsmen, and the capitalist economy. It is true that at that time the socialist state sector of the economy had already grasped the major state economic lifelines and had even established a leading position in the struggle against the capitalist economy. But the socialist economic sector was not yet in a predominant position throughout the whole national economy. The individual peasant economy was still in the predominant position in agriculture, which was the basis of the national economy. The capitalist economy still dominated a considerable proportion of industrial production as well as the circulation of commodities and, at that stage, it still constituted a power that could in no way be neglected. Thus at that time, diversified economic forms "coexisted" under the situation in which the economy with public ownership was not in predominant position. Consequently, our society was still at the stage of transition and it was yet to become a socialist society.

But today, basic changes have taken place in the situation of our socialist economy. The socialist state economic sector and the collective economy are in predominant positions in regard to the volume of the means of production and funds, in the number of laborers employed as well as in providing society with products and labor services and in national revenues, and they have also become the basic economic forms of our country.

Marx pointed out: "In all social forms, there is a certain production which dominates the position and influence of all other production and therefore its relations dominate the position and influence of all other relations. It is a generally illuminating light and all other colors are submerged in it and consequently they change their features." ("Selected Works of Marx and Engels," Vol 2, p 109) At the present stage, socialist public ownership is this "illuminating light" in our socialist economy. As socialist public ownership is in a predominant position, the nature and features of other economic sectors have consequently changed drastically compared with the past.

With regard to the individual laborer economy that still exists within certain limits at the present stage, it is true that this kind of economy still only possesses a little of the means of production and, therefore, it has a nature of private ownership. However, it differs with the individual economy in the old society. Such individual laborer economy also has experienced big changes if it is compared with the individual economy that widely existed prior to the socialist transformation. The individual economy at that time was an economy at the crossroads. It might have taken the socialist road or might have combined with the capitalist economy to become a hotbed for the emergence of capitalism. Now, all the related aspects of the individual economy such as range, scale, mode, the resources of raw materials, sales prices, and the standard for charges are all conditioned and influenced by the socialist economy and are under the leadership and management of various government departments concerned. So the existence and development of such an economy depends on socialist public ownership; it is complementary to the economy with socialist public ownership and it displays a role of "making up for omissions and deficiencies."

Our country has allowed foreign economic institutions and individuals to invest and undertake various forms of economic cooperation under the laws and regulations of the PRC. All such foreign enterprises, economic institutions, and joint ventures between Chinese and foreign capital must abide by the laws, regulations and policies of our country. Because of this, they are all different from the capitalist economy in the past. Their existence will in no way affect our socialist economic system; on the contrary, they are in the interests of our modernization program.

Second, prior to the completion of socialist transformation, the contradiction between the socialist economy and the capitalist economy was the main contradiction of the transitional economy. The nature and the trend in the development of various nonsocialist economic sectors were contradictory to the growth and development of the socialist economy. Their contradiction with the socialist economy was the main contradiction and the question of "which will win" had not yet been resolved. This was the reason why it was imperative to carry out socialist transformation of the means of production with private ownership and realize the transition from new democracy to socialism.

The question of "which will win" between socialism and capitalism was basically resolved following the completion of socialist transformation,

while the contradiction between people's increasing material and cultural needs and backward social production began to become the principal domestic contradiction. An important measure for resolving this contradiction was to carry out a socialist modernization program and develop social productive forces in a big way. Under such conditions, the contradiction between the socialist economy and other economic sectors became a secondary contradiction. Under the leadership, supervision and influence of the socialist economy, it was important to use these economic sectors to develop production and improve people's livelihood. For example, restoring and developing a certain quantity of individual economy is in the interests of increasing production, as are promoting market activities, arranging employment, bringing convenience to the masses, improving the management of the economy with public ownership and improving services. The spontaneous tendencies of this individual economy can be resolved through strengthening management. With regard to such economic forms as joint ventures between China and foreign companies and foreign capital, it is true that they have a feature of seeking profits, but what is more important is that the permission given for the existence of these economic forms is in the interest of absorbing foreign capital, importing new technology and equipment, and learning from advanced management systems. All this will benefit our socialist modernization program. But we must guard against the negative influences of these economic forms and the influence of decadent capitalist ideology and fight against their corrosive influence.

In short, the coexistence of diversified economic forms at the present stage in our country is totally different from the coexistence of diversified economic sectors prior to socialist transformation. The existence of diversified economic forms does not mean a "retrogression" to the situation prior to socialist transformation. It is in fact a necessary readjustment in production relations under the premise of upholding basic socialist principles and it is in line with our national conditions. The coexistence of diversified economic forms is not an expedient measure, it will continue for a long time to come.

CSO: 4004/34

STRENGTHEN RURAL PARTY ORGANIZATIONS AT THE BASIC LEVEL

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 36-39, 43

[Article by Jing Dong [0079 2639]]

[Text] A very important problem at present is to strengthen the rural party organizations at the basic level, give full play to the role of rural party branches as fighting bastions and to the exemplary vanguard role of party members, and lead the rural cadres and commune members in building socialist material and spiritual civilizations.

Generally speaking, the party organizations at the basic level in China's broad rural areas are good. This must be fully acknowledged. The rural areas throughout the country are full of vitality. The commune members are full of joy. Development of agriculture is on the ascendant. How has this situation come about? First of all, the party's line, principles and policies are correct. In addition, this situation is inseparable from the efforts of rural party organizations at the basic level and of commune members. In the past few years, in various rural areas, the party organizations at the basic level and the commune members have gotten rid of "leftist" ideological trammels; enthusiastically propagated and implemented the party's line, principles and policies; persisted in socialist collectivization and in the public ownership of the basic means of production such as land; energetically carried out and perfected various forms of the production responsibility system; developed agricultural production in line with local conditions; and done a great deal of meticulous ideological and organizational work. Those who originally failed to see why various forms of the agricultural responsibility system had to be carried out have through practice seen the advantages of this system. They have gradually realized why this system must be carried out, and they have regained the initiative. There has been great improvement in the work style of party members and cadres. The relations between the party and the masses are becoming closer every day. In short, the great majority of the rural party organizations at the basic level are combatworthy.

Then, can we say that we do not have any problems? Of course not. We still have many problems, and the problems in some places are very serious. The rural party organizations at the basic level have the problem of slack and weak ideological work. For instance, owing to the long-term influence of

"leftist" guiding thinking, there are still obstructions to the implementation of the party's and government's rural policies; since the carrying out of the production responsibility system, the problem of how to correctly handle the relations between the state, the collective and the individuals has become prominent; gambling and superstitious activities are rampant in some places; civil disputes and criminal offenses often take place; in particular, illegal and criminal activities such as corruption and embezzlement, speculation and profiteering, smuggling and appropriating collective and state property and materials are rampant in some places. To solve these problems, the rural party organizations at the basic level must be strong and have combat effectiveness. But some party organizations at the basic level are at their wit's end and powerless in the face of these problems. Some are even in a state of paralysis and disintegration, and many problems are not dealt with. This phenomenon merits attention.

Our party is in power. The rural party organizations at the basic level are the rural basic leading cores. The party's line, principles and policies must be propagated and implemented through the party organizations at the basic level. Work and tasks in the rural areas must be completed by the rural cadres and the peasant masses under the guidance of the party organizations at the basic level. Contradictions in the rural areas must be solved through profound investigation and study and meticulous ideological work carried out by party organizations at the basic level. Unhealthy trends in the rural areas, especially illegal and criminal activities in the economic field, must be combated by the rural basic-level cadres and peasant masses under the guidance of party organizations at the basic level. We must first do a good job in strengthening the rural party organizations at the basic level so that we can build socialist material and spiritual civilizations in the rural areas.

Since the extensive implementation of various forms of the production responsibility system in the rural areas, some comrades have felt that it is not so important to strengthen the rural party organizations at the basic level. Some people say: "Now that grain and cotton output quotas are fixed for each household, the party branches do not have to bother about production. Since each household is solely responsible for its own production, there is no longer any need for the leadership of the party branches." This view is obviously wrong. Since the implementation of various forms of the production responsibility system, the tasks of the rural party organizations at the basic level have not, in the slightest degree, become lighter. On the contrary, the organizations have heavier tasks because many new situations and problems have emerged since implementation of the production responsibility system. We will not be able to tackle these new situations and problems without the leadership of party organizations at the basic level. We know that implementation of the production responsibility system has brought into play the production initiative of the peasants. This is excellent. But because some people still have ideas and habits left over from the old society, and furthermore are influenced by the decadent bourgeois ideology and way of life, they sometimes show no consideration for the interests of the state and the collective. This must not be overlooked. There are the following phenomena: Some people have, disregarding the

requirements of state plans, expanded the areas grown to those industrial crops from which a high income can be obtained; some people only care for selling their agricultural and sideline products on the free market at high prices regardless of whether state purchase quotas are fulfilled; some people are not enthusiastic about fulfilling the tasks of the collective, are not willing to participate in public welfare work and in the work of showing consideration for the families of army men and martyrs, the "five guarantees" households and households with material difficulties, but only think of attaining individual wealth; and by doing harm to the interests of the state and the collective, some people try to get petty advantages at the expense of the state and collective economies under all kinds of pretexts, fleece the state and even violate the law and discipline. If these problems are not solved, the production responsibility system cannot be consolidated and perfected, nor can the rural economy develop healthily. Therefore, the party's ideological and political work in the rural areas must be strengthened; it cannot be weakened. Since implementation of the production responsibility system, the rural party organizations at the basic level have had a great deal of work to do. It is not true that they are not essential.

In the final analysis, the reason why the rural party organizations at the basic level still have problems and why the leadership of the party has been ignored and even abandoned since implementation of the production responsibility system is that the influence of the leftist erroneous tendency has not been eliminated. In the past, people always talked about "taking class struggle as the key link." They were accustomed to this way of doing things, and they had the old approach to their work. Since the 3d Plenary Session of the 11th CCP Central Committee, the focus of the work of the whole party has been shifted to socialist construction by centering on the four modernizations instead of on political movements. Some comrades have not been able to adapt themselves to this new situation. Since implementation of the production responsibility system, especially since many places began to implement the system of fixing output quotas for each household or of assigning work to each household, the past method of urging the peasants to carry out plowing and planting and of relying on administrative orders has become outmoded, and these comrades are not accustomed to the new system. It is just as some people say, "The old methods did not work, but we do not understand the new approach." As a result, they do not know how to take charge of their work. Many comrades have long been engaged in party work at the basic level, but under the influence of the leftist erroneous tendency, they amassed a lot of "experience" in carrying out class struggle and did a lot of administrative work instead of party work. In reality, they are not sufficiently experienced in party work. Therefore, party organizations at the basic level must eliminate the leftist erroneous tendency. They must shift the focus of their work not only from class struggle to economic construction, but also from administrative work and production activities to party work, learn how to carry out party work and strengthen party leadership.

What is party work? In the main it is building the party and carrying out ideological and political work. Rural party organizations at the basic level

have the responsibility of leading other rural basic level organizations such as organs of political power, economic organizations and mass organizations. But this does not mean that party organizations at the basic level should take on everything. Being functions of collective economic units, the leading economic functions of production brigades and production teams must be retained. Being functions of organs of political power at the basic level, the functions of communes (towns) and production brigades (villages) must be strengthened. Commune party committees and production brigade party branches should support organs of political power and economic organizations at the basic level in shouldering their tasks, but they should not interfere in specific administrative affairs and production activities. Besides, by relying on the role of party members in various leading positions, the leadership of party organizations at the basic level over other basic level organizations and the broad masses in the rural areas is realized mainly through strengthening ideological and political work. In other words, party organizations at the basic level should at all times pay attention to their own building and frequently educate party members to maintain close ties with the masses, do ideological work and play an exemplary vanguard role among them, closely unite them around the party organizations and lead them in their advance. The reason why our party can shoulder the responsibility of leading the broad masses is that the party's line, principles and policies represent the interests of the broad masses and that, through propagation, the party's line, principles and policies can be implemented among the masses until the masses understand their own interests, unite and work hard for their own interests. Therefore, the fundamental way to bring into full play the leading role of rural party organizations at the basic level is to strengthen the building of these party organizations. Otherwise, strengthening party leadership will be nothing but empty talk.

Then, how should we strengthen party organizations at the basic level? We should start from the specific conditions of local places. Generally speaking, we must strengthen the leading groups, enhance the political quality of party members, strengthen the regular activities of party organizations, correct unhealthy trends and carry out the struggle against the corrosive influence of bourgeois ideology.

The key link for strengthening party organizations at the basic level is to do a good job in building the leading groups. Whether the party organizations at the basic level are firm and energetic or lax and weak is determined mainly by the status of the leading groups. Many party members in some leading groups are getting on in years. These comrades have been trained and educated by the party for many years. They are intrinsically good and have work experience. But they are not very vigorous. Furthermore, some of them have been deeply influenced by the "leftist" ideology, so they lag behind the situation and cannot efficiently carry out the party's line, principles and policies. Some leading groups have redundant personnel who cannot work with one mind and who always engage in disputes over trifles; they cannot form a firm and energetic leadership core. The cultural level of some members of leading groups is so low that they cannot even transmit to the masses the essence of instructions from the CCP Central

Committee or from a higher party committee, to say nothing of leading agricultural modernization. What merits special attention is that some members of leading groups are not pure. Some bad elements have sneaked in, or good members have degenerated because of the corrosive influence of bourgeois ideology and of the bourgeois way of life. They have embarked on the criminal road of engaging in graft and embezzlement, speculation and profiteering, smuggling, bribery and appropriation of state and collective property. Therefore, we must clear bad and degenerated elements out of the party so that we can build the leading groups well. Those who politically undermine the party's regular activities and who economically violate law and discipline must not be allowed to remain in the leading groups. In addition, we must find a way for the leading groups to solve the problem of their members being advanced in years, too large in number and too low in cultural level, and fill the leading groups with educated middle-aged and young party members who can resolutely implement the party's line, principles and policies. We must do the work of readjusting the leading groups strictly according to the election system stipulated in the party constitution, namely, party branch committees should be elected in a democratic way by party members. Generally speaking, it is not appropriate to adopt the methods designated by higher party committees. In some places, party branches have not been reelected for many years. These party branches should energetically create conditions and carry out reelections according to the stipulations of the party constitution. In the future, they will be required to have an election once a year. Through regular elections we can build firm and energetic leading cores which have strong party spirit and good work style.

The total number of rural party members throughout the country is large. Besides developing appropriately and in a planned way new party members who are really up to standard in those places where party organizations at the basic level are comparatively good, we must also educate the party members we now have and raise their levels. Comrade Deng Xiaoping pointed out 2 years ago that some of our party members did not have the requisite qualifications. This problem has not yet been totally solved. The great majority of rural party members are intrinsically good, but a certain number of them have low political consciousness, weak party spirit and low sense of organization. They have neither committed any mistake nor played any role. Since implementation of the production responsibility system, some party members have had the following idea: "Since output quotas are fixed for each household, everything we do is to make individuals well off; and since production tasks are assigned to each individual, everything we do is in regard to individual interests." They do not bother any more about the ideal of communism, the cause of the party, and the interests of the state and collective. Some party members do not want to be cadres any longer, saying that cadres are always at a disadvantage. Some party members even say: "Eating and spending money require effort, but whether one is a party member does not make much difference." They are unwilling even to participate in the party's regular activities, let alone fulfilling the tasks assigned by the party. With regard to this phenomenon, we must strengthen the education of party members and change the situation in which some party members do not have the requisite qualifications. We must understand that implementation of the

production responsibility system means that we must set higher requirements for party members and not vice versa. Party members must not only be like commune members in conscientiously implementing what is stipulated in the responsibility system, but also maintain close ties with the masses, do ideological work among the masses and energetically do propaganda work, and take the lead in implementing the party's principles and policies. They must take the lead in implementing contracts and fulfilling the purchase tasks of the state and the tasks assigned by production teams. They must take the lead in participating in public welfare labor and actively help households with material difficulties to solve their problems in production and livelihood. They must take the lead in observing law and discipline and in combating unhealthy trends, and guide the masses in becoming well off through manual labor. They must take the lead in cultural study and in the study of scientific knowledge, and popularize advanced agricultural technology. They must take the lead in carrying out family planning and in changing prevailing habits and customs. In short, they must play an exemplary vanguard role in everything they do. To do all this will be utterly impossible if we do not have the lofty ideal of communism and the socialist consciousness of loving the country and the collective, and if we do not have the revolutionary spirit of utter devotion to the public and of serving the people without thought of self. In order to build well party organizations at the basic level, we must adopt practical methods and improve the political quality of rural party members. Training party members by rotation is carried out in some places during the slack season in farming. Education on the party's basic knowledge, on the party's principles and policies and on the situation and tasks is also carried out in these places. Practice has proved that good results can be obtained in this way.

Perfecting the organizations' regular activities is an important part of strengthening party organizations at the basic level. Our party is the vanguard of the proletariat and is a united militant collective composed of advanced proletarians. One important reason why it has become the leading core of the broad masses and why it has invincible strength is that it is an organization. Engels said: "Organizations are the most important weapons." ("Collected Works of Marx and Engels," Vol 19, p 284) The combat effectiveness of rural party organizations at the basic level is to a great extent determined by whether the organizations' regular activities are perfected. If a party organization at the basic level does not have a strict system for its activities, or if it has had no activities for a long time, is it worthy of the name of organization? The system of "three meetings and one lecture" (the party branch committee meeting, the general meeting for all party members, the party group meeting and the party lecture) is indispensable for every party branch. Some party branches have not had a meeting for half a year or even a full year. They do not study or discuss the party's instructions, principles and policies. They do not investigate or study the problems in practical work or the ideological state of the cadres and masses. They do not propagate correct things; nor do they praise good people and good deeds. They do not criticize erroneous things; nor do they combat evildoers and evil deeds. If a party branch continues to act in such a way, how can it become a powerful fighting force? Some people say that since implementation of the responsibility system in production, people have been

very particular about using their own time and that, therefore, the party's regular activities should be relaxed. This viewpoint is wrong. We must understand that since implementation of the production responsibility system, most party members and commune members have carried out their activities individually. It is necessary to carry out more strictly the system of regular activities. Otherwise, party members and commune members will become slack and perfunctory, and in the end the party organizations will be paralyzed and disorganized. This is very dangerous. Of course, we should be flexible in arranging time for holding meetings and for conducting party lectures. We should do our best not to take up, or to take up as little as possible, the time for productive labor. In short, if we want regular activities to be in line with the specific conditions of local places in a more appropriate way, we cannot but persist in the system of maintaining the party's regular activities.

Public security in some rural areas is bad, and so is the general mood of society. This is closely related to the unhealthy tendency or even criminal activities of some party members and cadres. If a party member or a cadre is light fingered, he will not be able to carry out mass work and change the general mood of society. Why is it that gambling, superstitious activities, and speculation and profiteering in some places, smuggling activities in some coastal areas and border regions, and abnormal religious activities in some regions of minority nationalities are so rampant? The reason is that either some party members and cadres have directly participated in these activities or that these activities are indirectly related to them. This phenomenon must not be allowed to continue. Correcting unhealthy tendencies in the party and seriously punishing party members and cadres who have broken the law and engaged in criminal activities have an important bearing on enhancing the party's combat effectiveness and changing the general mood of society. At present, we must regard the struggle against criminal activities in the economic field as an important part of strengthening the rural party organizations at the basic level. With regard to party members and cadres who indulge in unhealthy tendencies, we must criticize and educate them, and help them to realize their mistakes and resolutely correct them. With regard to a small number of party members and cadres who have violated law and discipline, we must seriously punish them according to party discipline and state law. We must not tolerate their crimes. Otherwise, evil will spell ruin if left unchecked, and party organizations at the basic level will not be able to be strengthened.

The task of strengthening rural party organizations at the basic level is arduous. How should we do it? In some places experiences have been accumulated. According to an investigation, the experiences are mainly as follows: Some leading groups of party organizations at the basic level have been rectified through summing up their experiences in work; some leading groups of party branches have been reelected in a democratic way according to the party constitution to realize rectification; and some party organizations at the basic level have carried out all-round rectification by turns and in groups. These methods have brought good results. They are feasible. When dealing with specific problems, the localities may try to find their own ways. No rigid uniformity should be sought. But one point must be stressed,

namely, no matter what methods are adopted, higher party organizations should send their members to assist party organizations at the basic level. Particularly with regard to party organizations at the basic level which are already in a state of paralysis or semiparalysis, their problems will not be solved if they do not make great efforts, even though the higher party organizations might send their members to assist the rectification work at the basic level. Because various unhealthy tendencies are still growing and spreading over all these places, it is not easy to distinguish problems, and it is even more difficult to solve problems. We must not belittle these things.

To strengthen rural party organizations at the basic level, party committees at all levels must change the situation in which the party does not promote the party's cause. Although party committees have many things to attend to, they must not overlook the building of the party. Under the present circumstances in which rural party organizations at the basic level are confronted with many problems, we must devote more effort to strengthening our investigation and study, and carry out the work in this respect step by step, in a planned way and by stressing focal points. Particularly in places where the corrosive influence of capitalist ideology and the tendency of bourgeois liberalization are serious, we must do our best to rectify party organizations at the basic level which are in a state of paralysis or semiparalysis. Otherwise, the party organizations in these places will exist only in name but not in reality, and the communist methods will vanish. Some leading comrades of party committees only pay attention to economic work; the work of building the party has no place in their minds. This phenomenon must be changed. It is doubtlessly true that party committees must pay sufficient attention to economic work; the problem is how to carry out this work. The CCP Central Committee has pointed out that we must do a good job in dividing party and government work. This problem must be further solved. Party committees at all levels must emancipate themselves from their busy administrative affairs and from their vocational work, and put emphasis on doing a good job in building the party. Only if we do a good job in building the party, only if we give full play to the role of party committees as the leadership cores, only if we give full play to the role of party branches as fighting bastions and only if party members can play an exemplary vanguard role, will there be a reliable guarantee for fulfilling various tasks. Otherwise, the building of the party will be neglected, and the party organizations and party members will not be able to play their proper roles. As a result, no matter how specifically we carry out economic work or any other work, it will be very difficult to achieve any success. Of course, we cannot carry out party building in an isolated manner, but must carry it out in coordination with the central tasks at a given time and in a given place. The building of rural party organizations at the basic level must be carried out in combination with the work of consolidating and perfecting the production responsibility system. Otherwise, this work cannot be done well.

BE BROAD-MINDED ABOUT REJUVENATING THE CADRE RANKS

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[Article by Luo Yinghuai [5012 2019 2037]]

[Text] We are now faced with the extremely important task of selecting tens of thousands of middle-aged and young cadres to enter leading bodies at various levels and of making the leading bodies more revolutionary, younger, better educated and more professional. This is the most vital problem we must solve in restructuring organs. Ensuring that this task is done is the glorious duty of our veteran cadres. Our veteran cadres must clearly understand their responsibility, be broad-minded about rejuvenating the cadre ranks, withdraw with lofty sentiment to the second or third lines, and make a final historical contribution to the party and people.

I

To be broad-minded, we must first proceed from the overall and long-term interests of the party's cause and treat the problem of rejuvenating the cadre ranks with communist foresight and vision.

The object of our struggle is to build a strong and modern socialist country and then realize communism, the most lofty ideal of mankind. This is an extremely important and arduous undertaking requiring many generations of sustained struggle. The continuity and carrying forward of the revolutionary cause of the proletariat require that we keep passing the baton from generation to generation. This is a problem of old cadres handing their batons over to new cadres. Comrade Mao Zedong said: "If our party does not have a great many new cadres working in unity and cooperation with the old cadres, our cause will come to a dead end." ("Selected Works of Mao Zedong," Vol 3, p 782) The historical experience of our party has proved that the work of selecting and training revolutionary successors and letting outstanding middle-aged and young cadres take over from old cadres not only has a bearing on advancing the revolutionary cause pioneered by the older generation of proletarian revolutionaries but also a bearing on the future and destiny of the party and state.

Take our army for example. Here, it is even more important to speed up the rejuvenation of the cadre ranks. Our army is a strong pillar of the

dictatorship of the proletariat. It shoulders the important task of defending the nation, and is ready at all times to strike at invaders. If war breaks out, it must fight large-scale battles, tough battles and battles under unfavorable conditions. Even in peacetime it must carry out arduous tasks. Therefore, this not only requires that the commanders and fighters at various levels have good military and political qualities, but also requires them to be physically fit and to be full of vim and vigor. Only in this way can they cope with possible emergencies. It has been more than half a century since the founding of our army. Many of the old cadres have spent a whole generation fighting all over the country. It is said that "old people still have high aspirations," but they are after all getting on in years and gradually losing their vigor. Replacing the leading members and rejuvenating the cadre ranks has become an extremely urgent historical task facing our army. If we do not step up the tempo, firmly grasp the "inter-planting" of new "seedlings" in the leading bodies at various levels and conscientiously solve the problem of rejuvenating the cadre ranks, we will be unable to fulfill the arduous task entrusted to us by the party. In a military exercise held at a certain place in north China, the contrast was extremely vivid: Large numbers of middle-aged and young cadres in the prime of life were active at various levels of command. They were full of vim and vigor, full of spirit, were hard working in the tense and difficult situation, and displayed the vitality and talent of the young. However, although some of the overage comrades were full of high aspirations and worked tenaciously, they felt themselves unequal to the continuous tension and burden of work because of their physical conditions and energy levels. At the end of the exercise, some of the old comrades emotionally said: When we led the units into battle during the war years, we could go sleepless for several nights without feeling any fatigue. During this exercise, we have only taken a few extra shifts, but we are already feeling the strain. This is the result of age. If we are like this during an exercise, how can comrades who are old and in poor health lead units to fight large-scale battles, tough battles and battles under unfavorable conditions in war? If we have to change the commanding officer at a critical juncture in a battle, we are bound to suffer a great disadvantage. Many old comrades are deeply aware of this point. Valuing the interests of the party above everything else and proceeding from the long-term construction of the units, they are seriously considering and handling the problem of rejuvenating the cadre ranks. Their spirit of standing high and seeing farther ahead is worth advocating.

For the sake of selecting middle-aged and young cadres and bringing up successors to the revolutionary cause of the proletariat, our party has made unremitting efforts since the 1960's and paid a high price for valuable experience. In recent years, we have selected a number of cadres who are in the prime of life and possess both ability and political integrity to replenish leading bodies at various levels. However, judging from the situation as a whole, progress in this work is still not fast enough, and there is still no basic change in the age structure of leading bodies at various levels. If this situation were to continue, a temporary shortage of experienced cadres would be bound to appear, seriously jeopardizing our party's cause. Therefore, stepping up the work of making the cadre ranks more revolutionary, younger, better educated and more professional is not

only a project of vital and lasting importance, but also a task of immediate urgency. At present, we already have the conditions for basically solving this problem. Since the smashing of the "gang of four," and particularly since the 3d Plenary Session of the 11th CCP Central Committee, our party has affirmed the correct political line, ideological line and organizational line, and we can place this problem on the agenda for solution. At the same time, many old comrades with higher consciousness are still alive, and they can set the pace as well as overcome resistance. As long as everyone unifies his understanding, acts selflessly and sets examples, this problem will not be difficult to solve.

Some of our old comrades are highly dedicated to the cause of the revolution. They feel that they are still in good health and can still work for a few more years and make more contributions to the party. This spirit is indeed highly commendable. However, we should think a bit further ahead. The number of establishment personnel in a leading body is limited. The greater the number of old cadres, the less openings there will be for outstanding young cadres. Some old comrades are definitely still able to work for a few more years. However, if they work for a few more years, not only will the young cadres have several less years of tempering, but this will also create an "aging cycle" in the cadre ranks. If the old cadres vacate their posts and let the outstanding young cadres receive tempering earlier, the time they work for the party will not be several years but will be 10 or 20 years. In this way we will be able to organizationally guarantee the continuity of the line, policies and principles of the party, there will be successors to our cause, and our cause will prosper and develop. Therefore, promptly allowing young people to shoulder the burden and withdrawing to the second or third line to pass on experience, give help and set an example are a manifestation of farsightedness and concern for the party's cause. At present, this is the foremost responsibility entrusted to our old comrades by history. This plays a more significant role than working with all one's might for a few more years.

II

To be broad-minded, we must have a correct attitude toward the young cadres after they have taken up leadership posts, and we must enthusiastically believe in, support, show concern for and help them.

First, we must believe that the young cadres are capable of shouldering the burden of the revolutionary cause. Stalin said: "The youth are our future and our hope. The youth have to take our place, the place of old people. They have to carry our banner to final victory." ("Collected Works of Stalin," Vol 13, p 226) Comrade Mao Zedong compared the young people to the sun at 8 or 9 in the morning and placed his hope on them. However, because of the force of habit, even now there are still people within our ranks who look down on young people. They are worried that after taking up leadership posts "these young people will make mistakes because of their lack of experience, will let things fall apart because they are not authoritative enough and will make a mess of things by failing to carry out work properly." Actually, such anxieties and worries are groundless. The old comrades

should think back on the process of their own growth. During the revolutionary war years, were many of our present old comrades not commanding a division or an army in battle against the enemy at the age of 20 or 30? Chen Haisong, an army political commissar and also an outstanding young commander of the 9th Red Army, was a regimental political commissar at 18, a divisional political commissar at 19 and an army political commissar at 20. He was only 22 when he died, but he had already commanded units in many brilliant battles. At that time, the leadership had such great faith in us and allowed us to shoulder important leadership work. At present, in the new generation growing up under the education and training of the party, many people are politically and ideologically much better than we were at that time, especially in the field of cultural and scientific knowledge. As long as we believe in them and boldly allow them to temper themselves in leadership posts, they will grow up very quickly. As a matter of fact, many of the middle-aged and young cadres have been very outstanding in their work after taking up leadership posts. Divisional commanders and political commissars of about 40, regimental commanders and political commissars of about 30, and battalion commanders and political instructors in their 20's are mostly able to lead units well. In a military exercise held in a certain part of north China, the overwhelming majority of middle-aged and young cadres displayed fairly high command ability and creativeness. Four young regimental commanders of a certain division fulfilled their tasks in an outstanding manner, and all of them rendered meritorious service and received awards. This is a very good example.

Second, we must energetically support the work of middle-aged and young cadres. Old comrades, educated for a long time by the party, have richer experience. Whether enthusiastic support and help can be given to young cadres has a very important bearing on whether they are able to grow up as quickly as possible. The overwhelming majority of our old cadres have done very well in this respect. They are deeply conscious of the righteousness of the cause and have actively created conditions for the growth of young cadres. They are enthusiastically and patiently passing on experience, giving help and setting an example. However, there is also a small handful of comrades who are able to enthusiastically support the work of young cadres working under them, but when the young cadres are of the same grade or have outstripped them, they do not feel so comfortable. This is incorrect. Zheng Banqiao of the Qing dynasty said in a poem: "The new bamboo branches are taller than the old bamboo branches. They depend wholly on the support of the old stems. Next year there will be more new branches. Bamboo a hundred feet tall surrounds the pond." The new bamboo branches are taller than the old bamboo branches and the new branches of tomorrow will grow into bamboo a hundred feet tall because of the support of the old bamboo branches and old stems. The growth of young cadres is the same. Indigo blue is extracted from the indigo plant but is bluer than the plant it comes from. That those who come after surpass the old-timers is a universal law governing the development of things. This is a manifestation of the prosperity and development of our party's cause, and the old comrades should feel heartened. We must take delight in and be good at becoming "a human ladder," help the young cadres "climb" to leadership posts at various levels, and allow them to give full play to their wisdom and ability at appropriate posts and in a broad field.

Furthermore, we must correctly handle the shortcomings of young cadres. Comrade Mao Zedong repeatedly taught us that we must allow cadres to make mistakes and to correct their mistakes. In everything, one divides into two. The same as other cadres, young cadres cannot help having this or that kind of shortcoming, or making this or that mistake in their work. Particularly when they lack experience, it is easier for this or that kind of problem to appear. This is a normal phenomenon. However, there is a kind of abnormal condition at present, namely, when a shortcoming occurs or a mistake is made by old cadres, it can easily be forgiven but when the same shortcoming occurs or mistake is made by a young cadre, it will invariably lead to endless discussions and might even create a scandal. It might be correct to set stricter demands on the young cadres, but "there is no pure gold and no one is perfect." Not allowing them to have shortcomings and make mistakes is asking too much from them, and this is metaphysical and wrong. The correct attitude in dealing with young cadres is to judge the whole of their work and particularly their essence and principal aspects. When they have shortcomings and make mistakes, the old cadres must help them to analyze the cause, sum up past experiences and lessons, and study ways to improve, and when necessary, help them shoulder responsibility so that they will not become overcautious just because of problems in their work. At the same time, the old cadres must encourage them to boldly temper themselves, learn from "a fall into the pit, a gain in the wit," and continue to mature.

Naturally, we must strictly examine and carefully choose the young cadres preparing to enter leading bodies. We must pay close attention to selection standards. We must select cadres in accordance with the criteria put forth by the CCP Central Committee and thoroughly and carefully examine them one by one. We must understand clearly the whole of their history, mainly their stand during the "Great Cultural Revolution" and particularly their attitude toward the line, principles and policies of the party since the 3d Plenary Session of the 11th CCP Central Committee. We must ensure that young cadres entering leading bodies will be politically of one heart and mind with the CCP Central Committee, and will be pure and dependable. We absolutely cannot allow those who got their start through rebellion, who are seriously affected by the factionalist mentality, who have taken part in beating, smashing and looting, and who resist the line, principles and policies of the party, to get into the leading body. At the same time, we must also pay attention to their military skills and vocational levels. We must select cadres on the basis of the unity of their ability and political integrity. If old comrades do not make the effort in selecting the right people or do not properly hand over the work of the revolution, they will be making an historical mistake.

III

To be broad-minded, we must also handle correctly the question of withdrawing to the second or third lines. To select and utilize outstanding young cadres and make the leading body revolutionary, younger, better educated and more professional, we must arrange for some of the old cadres to leave their posts to convalesce, retire or withdraw to the second line. There will be people coming in and going out, and going out is for the sake of making room

for people coming in. This is the demand of the development of the revolutionary cause. There is a question of how to properly settle and look after these old comrades. We have already done a great deal of work in this respect as well as made quite a bit of progress, but there are still many problems. This is mainly because "when a person leaves, the tea gets cold" and the attention given to old comrades who have withdrawn to the second or third lines has not been as good as when they were in office, and this has caused anxieties among some of the old comrades who are about to leave their posts to convalesce or to retire. The reason for this situation is mainly because some comrades do not have a correct understanding of why the old comrades are withdrawing to the second or third lines. In particular, the bad habit of "snobbishness" of the former society is still reflected in the question of dealing with old cadres leaving their posts to convalesce or retire. These comrades do not understand that, in working for scores of years in the service of the country, these old comrades have made tremendous contributions to the liberation of the motherland and the cause of socialist construction. The old cadres are the hardcore force of the cause of the party and the meritorious officers of the state, and they should be respected and looked after when they become old or senile. Moreover, the bad habit of "snobbishness" is opposed to our fine national tradition of honoring the old and the virtuous. It runs counter to our party's policy for old cadres and is the moribund consciousness of the exploiting class. On the other hand, a handful of old comrades also sense that they have "lost stature" since leaving a leading body and feel "ashamed." This is a wrong impression. Old comrades who withdraw to the second or third lines and vacate their posts for middle-aged and young cadres are making an important contribution to rejuvenating a leading body. This is a glorious thing and should be acclaimed by society. After withdrawing to the second or third lines, the old cadres are still a very important political force in our party and state, and if health permits, they can still continue to play their role. Especially after casting off daily routine, the old cadres can devote their energy toward offering ideas and making suggestions on major issues of party, state and army building. At the same time, many of them have an intimate understanding of the glorious tradition of the party and are familiar with the glorious history of our party and our army. By writing memoirs and teaching by personal example as well as verbal instruction, they can contribute to the construction of socialist spiritual civilization. In fact, some old comrades have already made achievements in this respect, and this is a role which can hardly be played by other people.

The CCP Central Committee, the State Council and the Military Commission of the Central Committee have already adopted many effective measures for looking after the livelihood of the old comrades leaving their posts to convalesce or retiring, and they are now studying, perfecting and setting up the necessary rules and regulations. However, because the level of productive forces in our country is still not high and the state is still faced with many difficulties, some of these problems cannot be solved right away. Our old comrades must make allowance for the difficulties of the state and adopt a correct attitude toward them. When our old comrades joined the revolution, their only thought was to emancipate themselves and seek liberation. Who gave a thought to a high position and a handsome salary at a future date?!

Numerous revolutionary martyrs lost their heads, shed blood and sacrificed their lives without even tasting the joy of revolutionary victory. Compared to them, how can we, the lucky survivors, fuss about material treatment? We communists consider it our duty to liberate all mankind, and we have vowed to persevere in the course of working for the interests of the people. While in office we must conscientiously work to the best of our ability. After withdrawing to the second or third lines, we must still work hard and maintain revolutionary integrity in our later years.

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ON THE QUESTION OF HUMAN RIGHTS IN THE INTERNATIONAL ARENA

Beijing RED FLAG in Chinese No 8, 16 Apr 82 pp 44-48

[Article by Shen Baoxiang [3088 1405 6116], Wang Chengquan [3769 6134 2938] and Li Zerui [2621 3419 6904]]

[Text] In current international activities, the problem of human rights occupies a certain place. Discussing or examining the problem of human rights is one aspect of the activities of the United Nations. States with different social systems, different political interests and different degrees of economic development, and groups and persons with different political leanings, have put forward their own ideas of human rights. Therefore, the problem of human rights is of an unprecedentedly comprehensive and complicated nature. Concerning the current complicated struggle about the problem of human rights on the international scene, we must make a serious analysis or study. We must adhere to our own principled stand and strive to maintain world peace and safeguard the right of self-determination and the fundamental human rights of the people of various countries.

Origin of Human Rights

To clarify the current problem of human rights on the international scene, we must review the development of the history of human rights.

Human rights represented the theory, idea or slogan put forth by the Western bourgeoisie 2 or 3 centuries ago. To counter the privileges and divine rights of feudal aristocrats and monks and priests in the Middle Ages, enlightened bourgeois thinkers originated the idea of "innate human rights" and of freedom, equality, the pursuit of happiness and other human rights. Such an idea became an effective ideological weapon of the rising bourgeoisie in fighting feudal despotic rule. In 1776, the "Declaration of Independence" of the United States of America stated that "all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among them are life, liberty and the pursuit of happiness." This was the first time that the bourgeoisie had affirmed, in the form of a political program, the idea of human rights that it had conceived. Marx considered this document as the "first declaration of human rights." In 1789, the constitutional congress produced by the French bourgeois revolution adopted the "Declaration of the Rights of Man and of the Citizen," or

what people usually call the "Declaration of Human Rights." It declared: "People are born free and equal and are meant to always remain so." People's innate rights are "freedom, property, safety and resistance against oppression." This declaration became the preface to the French Constitution. It advanced for the first time the slogan of "human rights" in the form of law. The "Declaration of Human Rights" declared an end to the rule of the feudal privileged class in the Middle Ages and the establishment of the ruling position of bourgeois politics.

The idea or slogan of human rights played a very positive role in history. It reflected the features of an historical period. For a long period of time, this slogan had a far-reaching influence on the capitalist world. The slogan of human rights supposedly covered all people--people who shared common rights. It was a slogan of a universal nature. But, actually, the bourgeois slogan of human rights gave expression to the demands of the rising bourgeoisie in the most general terms of rights. In the name of human rights, the bourgeoisie replaced the feudal lords' special privileges and hereditary privileges with its own moneyed privileges. The so-called right to freedom is chiefly the freedom to own private property. The so-called right to pursue happiness is actually the right to exploit labor in an unrestricted way and the right to pursue wealth. Just as Marx pointed out: "Human rights are privileges in themselves." ("Collected Works of Marx and Engels," Vol 3, p 229) In capitalist society, human rights for the proletariat and the masses of laboring people are of a highly fraudulent and deceptive nature.

For a very long period of time, human rights existed merely as principles for political life and legislation in some countries. The widespread application of human rights in international relations, and the universal acceptance by international society of human rights as a standard, began during World War II and especially after the founding of the United Nations. During World War II, the fascist outrages of Germany, Italy and Japan, which ruthlessly killed the people of various countries, aroused the anger of the world. There was a widespread demand for the protection of human rights and a call for respecting fundamental human rights as the aim of postwar international relations. The "United Nations Charter," adopted in 1945, declared: It was decided to save "future generations from again suffering the catastrophic effects of war twice experienced by the present generation and to reaffirm fundamental human rights, human dignity and values and also the faith in the right of equality between men and women and between big and small countries." Respect for human rights has since become an important problem in international political struggle.

New Developments in the Concept of Human Rights

The concept of rights has always developed in accordance with the development of history. Human rights are no exception. As time marches on, given changes in the economic and political situation, the emergence of new political forces and the development of various struggles in international society, the concept of human rights inevitably breaks out of the confines of the original Western bourgeois version. At present, the concept of human rights advocated on the international scene, chiefly within the

framework of the United Nations, is a far cry from the version put forth and upheld by the bourgeoisie in the 17th and 18th centuries. It is marked by important changes in the following two respects.

1. For a long period of time, the bourgeoisie upheld the right to possess private property as the most important of its human rights. On the other hand, it ruthlessly exploited workers leaving them in dire straits. After World War II, the struggle of the working class in capitalist countries which asserted its rights reached an unprecedented height. This forced the bourgeoisie to adopt domestically some so-called welfare policies, but actually "in the long run, people paid for what they got." On the international scene, economic, social and cultural rights were also incorporated into the UN pact on human rights. In 1966, the United Nations adopted two important conventions on human rights: the "International Convention on Civil Rights and Political Rights" and the "International Convention on Economic, Social and Cultural Rights." (These two conventions together with the "World Declaration of Human Rights" are generally known as the "International Constitution on Human Rights.") The latter stipulates that everyone should have the right to work and be assured of proper and good working conditions and of the right to organize trade unions, the right to receive education, the right to share in cultural life, the right to enjoy social protection, and other rights. The advancement of economic rights and social and cultural rights has caused the concept of human rights to break out of the narrow confines of its original version.

2. Another important change in the concept of human rights was the addition of the right of self-determination and the right of development for the people of colonies and dependencies in Asia, Africa and Latin America. When the bourgeoisie was vigorously advocating human rights in the mother countries of capital, they were carrying out ruthless exploitation and naked robbery in a large number of colonies, semicolonies and dependencies. The colonialists and imperialists never recognized any human rights for the people of these countries and areas. After World War II, the national liberation movements among the people of colonies grew. Many colonies won independence and joined the United Nations. They participated in international political activities and put forth their own ideas of human rights. In recent years, the Third World countries have voiced in more clearcut terms their opposition to "any people monopolizing the interpretation of human rights" and their opposition to the human rights activities of the United Nations "being guided only by European standards, as in the past." The 7th UN General Assembly [UNGA] in 1952 and the Asian-African conference held in Bandung in 1955 affirmed national self-determination as "the prerequisite for fundamental human rights." Thus, the protection of human rights was linked with national self-determination for the people of colonies. In 1960, thanks to the efforts of newly independent countries in Asia, Africa and Latin America, UNGA adopted the "Declaration Granting Independence to Colonial Countries and People," and announced that "all people have the right to self-determination." It was pointed out that "subjecting a people to conquest, rule and exploitation by foreign countries is a negation of fundamental human rights and a violation of the UN Charter." This declaration affirms in clearcut terms that the right of self-determination for the

people of colonies was a fundamental human right. In the 1970's, the struggle in the United Nations of the Third World countries in the field of human rights grew fiercer. The concept of human rights was continuously injected with new content. In 1977, the 32d UNGA passed with an overwhelming majority vote a resolution (Resolution No 32/130) on the new concept of human rights put forth by the Third World countries. A concept was advanced for the United Nations to take into consideration in the future the promotion of human rights and basic freedoms. This resolution shows that human rights do not just mean individual rights and basic freedoms; they also cover the rights and basic freedoms of a nation and its people. The resolution stresses that in UN human rights activities, priority should be given to solving "matters of serious and large-scale encroachment on the human rights of the people and individuals of countries which have been affected by racial segregation; all forms of racial discrimination, colonialism, foreign rule and foreign occupation and aggression; threats to national sovereignty, national unity and territorial integrity; and refusal to recognize national self-determination and the fundamental right of countries to exercise full sovereignty over their own wealth and natural resources." This spirit is in line with the prevailing conditions of international society and is therefore correct. The resolution also pointed out that sustained progress in the area of human rights depends on rational and effective domestic and international policies for economic and social development. The continuous existence of an unfair international economic order seriously hampers the exercise of economic, social and cultural rights by developing countries. The establishment of a new international economic order is a factor in effectively promoting human rights and basic freedoms. In 1979, the UN Commission on Human Rights passed a resolution stressing the right of development as a fundamental human right. Thus, the concept of human rights took on additional meaning: the upholding of national independence by the people of various countries, chiefly Third World countries, the exercise of the freedom to control their natural wealth and resources and to develop their economy, and their opposition to foreign aggression and oppression. Thus, the struggle to win and uphold human rights was linked with the struggle against imperialism, colonialism and hegemonism.

This new concept of human rights has reflected the historical features of this era of ours from a certain point of view. But where the problem of human rights is concerned, the echoes of the old era can sometimes still be heard.

Political activists and scholars in certain Western countries have adhered to the traditional narrow concept of human rights and one-sidedly stressed the individual's human rights, advocating absolute freedom for the individual and claiming that the individual's human rights provide "basic conditions for economic development." This shows contempt for the realities of international politics. It might be asked: How can there be individual rights and freedom when a nation has been deprived of its right of self-determination, or a country has been occupied by aggressors, or the whole nation and the people are in slavery, and when a country has been deprived of its sovereignty over its wealth and natural resources and is under the shackles of colonialism? Given such a situation, how can there be basic

conditions for economic development? The fact is that in the world today, certain countries and nations are still placed in such a state owing to the havoc caused by hegemonism, imperialism and colonialism. Obviously, upholding national rights in these areas is a primary prerequisite for respecting the individual's human rights. If the fact of national rights being seriously encroached upon is ignored and much is made of the individual's human rights, then this can only be interpreted as hypocrisy and deception.

Complicated Struggle Under the Banner of Human Rights

Human rights activities within the framework of the United Nations represent the main aspect of the international struggle for human rights. But the area of struggle for human rights is actually much wider. The complicated struggle for human rights on the international scene is chiefly marked by the following several situations, with various essential differences.

First, the efforts of a large number of Third World countries and some countries upholding justice in revealing and fighting large-scale encroachment on human rights by hegemonism, imperialism and colonialism and by certain autocratic regimes. In recent years, the UN Human Rights Committee has adopted resolutions condemning the foreign armed invasions of Afghanistan and Kampuchea, interference with national self-determination, the creation of large numbers of refugees, and large-scale and serious encroachment on human rights. At UN conferences, the representatives of Third World countries have also condemned the policy of apartheid and racial discrimination pursued by the South African authorities and Israel's persecution of the Palestinian people, which represent large-scale and serious encroachment upon human rights.

Second, there is the struggle of the Third World countries in opposing the rich countries' exploitation of their poor counterparts and achieving the right of development in order to establish a new international economic order. Thanks to the efforts of Third World countries, UN conferences adopted declarations and resolutions explicitly calling for the establishment of a new international economic order, stipulating the right of every country to freely exercise full and permanent sovereignty over its wealth and natural resources, and urging the adoption of measures to improve the economic conditions of developing countries. But such a proper demand for the development of human rights has met with stiff opposition from rich countries that make a ballyhoo about human rights. Therefore, the actual results have been limited.

Third, there is the promotion of human rights activities in social, humanitarian, cultural and other fields. There are such activities as: elimination of discrimination against women, realization of the right of equality between men and women, concern for the growth of youth and children, improvement of the lives of old or crippled people, stimulation of educational and scientific development, and so forth. In these respects, the United Nations has adopted a series of declarations and formulated many international conventions, such as the "Declaration of Social Progress and Development," the "Declaration of Juvenile Rights," the "Declaration of

Promotion Among Young People of the Ideals of Peace, Mutual Respect and Understanding Between the Peoples of Various Countries," the "Convention on the Political Rights of Women," the "International Convention on Eliminating All Forms of Discrimination Against Women," the "Declaration of the Rights of the Crippled," the "Pact on the Position of Refugees," and pacts calling for the prohibition of trading in human beings, forced prostitution, and so forth. Focusing on these social and humanitarian matters, the United Nations and many countries have launched extensive activities along various lines.

Fourth, there is the dispute between two superpowers centering on human rights. At UN and other international conferences, the two superpowers, the Soviet Union and the United States, have constantly seized on the problem of human rights as an excuse to attack each other. The United States has accused the Soviet Union of encroaching upon the fundamental human rights of East European countries. The Soviet Union on its part has accused the United States of staging a "human rights propaganda war." The Soviet Union has also collected data and made a countercharge about U.S. encroachment on human rights. All the heated exchanges between the Soviet Union and the United States centering on the problem of human rights are by no means prompted by real concern over human rights. They are motivated rather by what they seek in their contest for hegemony. Hegemonism itself is a negation of fundamental human rights. The Soviet Union's defense of the Vietnamese authorities' large-scale eviction of refugees, which is a serious encroachment upon human rights, and the United States' consistent support for South Africa's policy of apartheid and for Israeli expansionism show that all the ballyhoo they make about human rights is hypocritical.

Fifth, the bourgeoisie and others who have ulterior motives use human rights to attack socialism. Imperialism and the bourgeoisie of the West have never eased up in using human rights to attack and slander our country, aiming to score an ideological penetration against us. The propaganda machine of the West have been continuously distorting their reporting on the social and human rights situations in our country. They have slandered our socialist democratic system as a violation of the so-called "human rights." Some people have even fanned and supported those people in our country who want to see the world plunged into chaos and who engage in illegal activities under the pretext of human rights. These situations existed not only in the past, but also at present. They will continue to exist in the future. We must constantly guard against them.

Adhere to a Principled Stand on the Problem of Human Rights

As early as in 1955, Premier Zhou Enlai, who had led a Chinese delegation back from the Asian-African Bandung conference, pointed out in a report at an enlarged meeting of the NPC Standing Committee that the 10 principles embodied in the declaration of the Asian-African conference "cover also such principles as respecting fundamental human rights, respecting the principles and aims of the UN Charter, respecting justice and international obligations, the peaceful settlement of international disputes, and so forth. All these have been consistently advocated by the Chinese people and have been consistently followed by China." Our attitude toward the aims and principles of the UN Charter, including respect for fundamental human rights, is clearcut.

Human rights are not a hollow slogan. Nor do they represent an isolated problem. Instead, they are associated with the main problem of international politics. At present, the main factors underlying the tense and uncertain international situation, the threat to the safety of mankind and large-scale encroachment upon fundamental human rights, are hegemonism, imperialism and colonialism, and especially the contest for hegemony between the two superpowers, the Soviet Union and the United States. The struggle to safeguard fundamental human rights must be linked with the struggle against hegemonism, imperialism and colonialism and be made part of this struggle. Only in this way can the struggle be meaningful and achieve results.

Opposing the hegemonists' foreign aggression and large-scale and serious encroachment upon human rights is the primary duty of international society. The Soviet Union's dispatch of troops to occupy Afghanistan, forcing several millions of Afghan people to flee their own motherland as refugees, is a serious encroachment upon the fundamental human rights of the Afghan people. Soviet support for the Vietnamese hegemonists' invasion of Kampuchea and their slaughter of patriotic Kampuchean militarymen and civilians has deprived the Kampuchean people of the least semblance of human rights. The acts of aggression on the part of Soviet and Vietnamese hegemonists contravene the aims and principles of the United Nations and are a gross violation of the international charter on human rights. U.S. support for Israel's serious encroachment upon the rights of the Palestinian people and U.S. support for the South African racists is common knowledge. Such acts on their part have naturally been justly condemned by international opinion and have similarly met with the opposition of the Chinese government and people.

The struggle of a large number of Third World countries for the right of economic development is another major task on the international scene to stimulate and safeguard fundamental human rights. With the rich countries exploiting the poor ones, the people of a large number of Third World countries are still in a state of poverty and backwardness. The people of certain of the least developed countries fare even worse. This is hard reality. Therefore, to safeguard the Third World countries' right to develop their national economies and change the impoverished state of the people of these countries is a problem especially worthy of note in international human rights activities and is a duty that falls squarely upon the United Nations, various international organizations and various countries, particularly the developed ones.

Human rights activities promoted by the United Nations and certain international organs in social, cultural and other fields, such as the elimination of discrimination against women, protection of children, concern for old or crippled people, elimination of illiteracy, promotion of scientific and technical development, and so forth, are also human rights problems of concern to international society. In these respects, we should strive to make our own contributions. This is also in line with our existing policy.

In international activities, the act of using the slogan of human rights as an excuse to interfere in the internal affairs of other countries cannot be allowed. We have resolutely upheld the five principles of peaceful coexistence and have never interfered in the internal affairs of other countries. Similarly, we consider that the act of using the problem of human rights as an excuse to slander and attack our country and to interfere in the judicial and administrative affairs of our country is an unfriendly gesture to our country and people and an encroachment upon our sovereignty. This will, of course, meet with our rejection and opposition.

Socialism and Human Rights

The human rights put forth by the bourgeoisie played a positive role in history. But such human rights are narrow and limited. They chiefly serve to meet the demands of the bourgeoisie. For the working class and other laboring people, they are of a highly fraudulent and deceptive nature. Class exploitation is the most serious case of inequality in society. The system of exploitation is the main cause of various phenomena of inequality in society. Under a social system in which one man exploits another, the masses' demand for rights cannot really be met. Marxists hold that only by fully developing social productive forces on the basis of the exploitation system having been eliminated can we enable the broadest mass of people to enjoy rights in political, economic, social, cultural and other fields. And only in this way can we achieve rights on a universal basis.

The socialist experience of China provides eloquent proof that only the socialist system can safeguard the full realization of the various rights of the people. Our revolution led to the overthrow of the rule of imperialism and feudalism in China, a change in the political system of dictatorship by the big landlords and the big bourgeoisie, and the founding of the regime of people's democracy. With the system of exploitation having been eliminated by us, the social productive forces have developed greatly. Scientific, educational and cultural undertakings have also made great progress. All this has brought about a fundamental change in our people's political and economic statuses. These results of our revolution and these rights won by the people have been solemnly incorporated in our constitution. In our constitution, the stipulations about the inviolability of public property, the prohibition of exploitation, the protection of remuneration for an individual's labor, and the realization of the principle of "nothing to those who contribute no work" have provided a most solid basis for the protection of fundamental human rights in our country. All unbiased people can see that the citizens' rights specified in our constitution cannot be compared with the rights of the individual advocated by the Western bourgeoisie. Of course, apart from being restrained first of all by the social system, the rights enjoyed by the citizens of a country are restricted by economic, cultural and other objective conditions. Therefore, for a developing socialist country like ours, the full realization of various civil rights must naturally follow a process.

Our revolution has its own lofty ideals and objectives. Meanwhile, we have also consistently fought to uphold human rights. Socialism is synonymous with human rights. In our country, it is impossible to detach ourselves from our socialist democracy and legal system and from socialist modernization in promoting what is called the problem of human rights. With the continuous improvement of our socialist democracy and legal system and the development of modernization, the various rights enjoyed by the people of our country will surely continuously grow to a new level. Facts will provide ever more convincing proof that the socialist system is also a reliable guarantee for the full realization of human rights.

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IS THIS REALLY FOR THE GOOD OF ALL AND THE COLLECTIVE?

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[Article by Li Zhuqi [2621 0031 0366]]

[Text] "We should be willing to spend any amount of money for the people"; "Anything we do for the collective is perfectly justified." Such are the fashionable excuses used by certain leaders of units, mines, shops and schools who, having no regard for the nation's laws, openly violate regulations concerning financial administration, and seek to feather their own nest at the nation's expense.

Shielded by the banners of "for the good of all" and "for the collective," they completely ignore the fundamental and long-term interests of the country and the people and are willing to spend any amount of money and engage in any activity: they unscrupulously hold back profits or other funds, and recklessly issue bonuses, subsidies and overtime payments; they misappropriate "fringe benefits" under all sorts of pretexts, and secretly use them for their own personal ends; they rack their brains for ways to force other units to pay "additional charges," siphoning off a portion of the ill-gotten wealth for themselves.... Activities such as these reduce the nation's financial income, damage the party's fine work style, corrupt the thinking of some of the cadres and masses, and have aroused angry opposition among the broad masses of staff, workers and cadres.

Why is it that these leading cadres have been trying to fleece the nation by raising the banners of "for the good of all" and "for the collective." The main reason is simply that these cadres, having yielded to the pressure of various unhealthy trends and evil practices, have begun pandering to the backward consciousness of a part of the masses. Worse than this, however, is that they are unable to resist the allurements of money and material goods and hope to make a profit out of what they see as the "impunity of the masses." They have calculated that rather than take both sides into consideration, bearing responsibility toward the state and trying to satisfy the "masses," it is better to throw their lot in with the "people." In this way they can both "enjoy the support of the people" and gain material benefits. These people have completely forgotten about the responsibility that must be shouldered by every Communist Party member and revolutionary. To put it bluntly, they appear on the surface to be acting "for the good of

all" and "for the collective"; in reality, however, they think only of themselves.

We are now engaged in building socialism and as far as ultimate aims are concerned, everything is for the people and for the collective. We must at all times concern ourselves with the lives of the masses. If we are to truly act in the interests of the people and the collective, however, we must look at the situation as a whole. It is imperative that we uphold the principle of "taking into account the interests of the state, the collective and the individual," and that we protect the nation's public property. The life of the people must be gradually improved in line with the ceaseless development of production. At present, our country's level of production is still too low, the nation's finances are still in the red and the people are by no means wealthy. Equipped with a firm sense of being masters of their own affairs, however, millions of cadres and masses are working to overcome difficulties and build socialism. Leading cadres should lead the masses in their own units in sharing the state's burdens and making a contribution to the four modernizations. There are certain people, however, who have rejected the interests of the whole and are like mice gnawing at the very foundations of socialism. In this way large amounts of property and money belonging to the state have been appropriated through both "legal" and illegal means. Some people say: "This is for the good of all and the collective. It certainly won't end up in my pocket." Even though this might be the case, one cannot escape the true facts of the situation. Such notions of "the good of all" and "the collective" combined with actions which harm the overall interests of the nation will invariably lead to damage on a more serious scale. All such actions violate the regulations concerning finance and seriously threaten the socialist cause.

"One ant hole might cause the collapse of a thousand-li dike." It is imperative that we go all out to block up the "mouse holes" in our country's socialist foundations. If we fail to get rid of these "mouse holes" it will be difficult to achieve the objective of the four modernizations. There is a danger that the fruits of revolution and construction for which several generations have fought will be snatched away. Every cadre who truly has the interests of the people at heart must accept the wide scope of his own duties and must firmly defend the socialist cause. We also urge all people who speak about the "good of all and the collective" while acting to the detriment of the interests of both the people and the collective, to quickly wake up to the truth and stop trying to fool us. It is dangerous!

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END